



July 3, 2001

Bion M. Gregory, Legislative Counsel
State Capitol, Room 3021, B-30
Sacramento, CA 95814

Dear Mr. Gregory:

Attached is the Department of General Services (DGS) study on the potential reuse of the California State Prison at San Quentin (Site) and the relocation of the facility and programs, as required by the 2000 Budget Act Item 1760-001-0001 Provision #2. The DGS has been directed by the Legislature to, "prepare a report and analysis of the possible closure of the California State Prison at San Quentin, including the disposition of the real property. The analysis shall be prepared with the participation of the County of Marin with respect to planning and land use issues. The department shall coordinate with the Department of Corrections to prepare an analysis of the relocation of the inmates and programs served at the institution. The department shall submit its report to the Legislature no later than June 30, 2001."

The DGS developed their portion of the study with the assistance of a team of consultants and focused on the physical constraints and opportunities of reusing the Site, while the California Department of Corrections focused on the relocation of the existing prison, all of which is contained in Volume I. Volume II is the technical appendix to the reuse analysis.

If you have any questions concerning the San Quentin Potential Reuse Study, please contact Mike Courtney, Deputy Director, Real Estate Services Division, Department of General Services at (916) 322-7034.

Very truly yours,

Barry D. Keene, Director
Department of General Services

BDK:ts:P:\Keene\Keene6-8-01 to Bion M. Gregory re San Quentin Study.doc

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Assembly Budget Committee
State Capitol, Room 6027
Sacramento, CA 95814

Mr. Bion M. Gregory
Legislative Counsel
State Capitol, Room 3021, B-30
Sacramento, CA 95814
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State Capitol, Room 3196, E-24
Sacramento, CA 95814
(1 original)

Ms. Elizabeth G. Hill
Legislative Analyst
925 L Street, Suite 1000, B-29
Sacramento, CA 95814

COPY OF LEGISLATIVE COUNSEL'S LETTER TO EACH OF THE FOLLOWING:

Michael J. Gotch, Legislative Secretary
Office of the Governor
State Capitol, First Floor, E-15
Sacramento, CA 95814
(1 copy)

Happy Chastain, Deputy Secretary-Legislation
State and Consumer Services Agency
915 Capitol Mall, Room 200, C-14
Sacramento, CA 95814
(1 copy)

S. Calvin Smith, Program Budget Manager
Department of Finance
915 L Street, A-15
Sacramento, CA 95814
(1 copy)

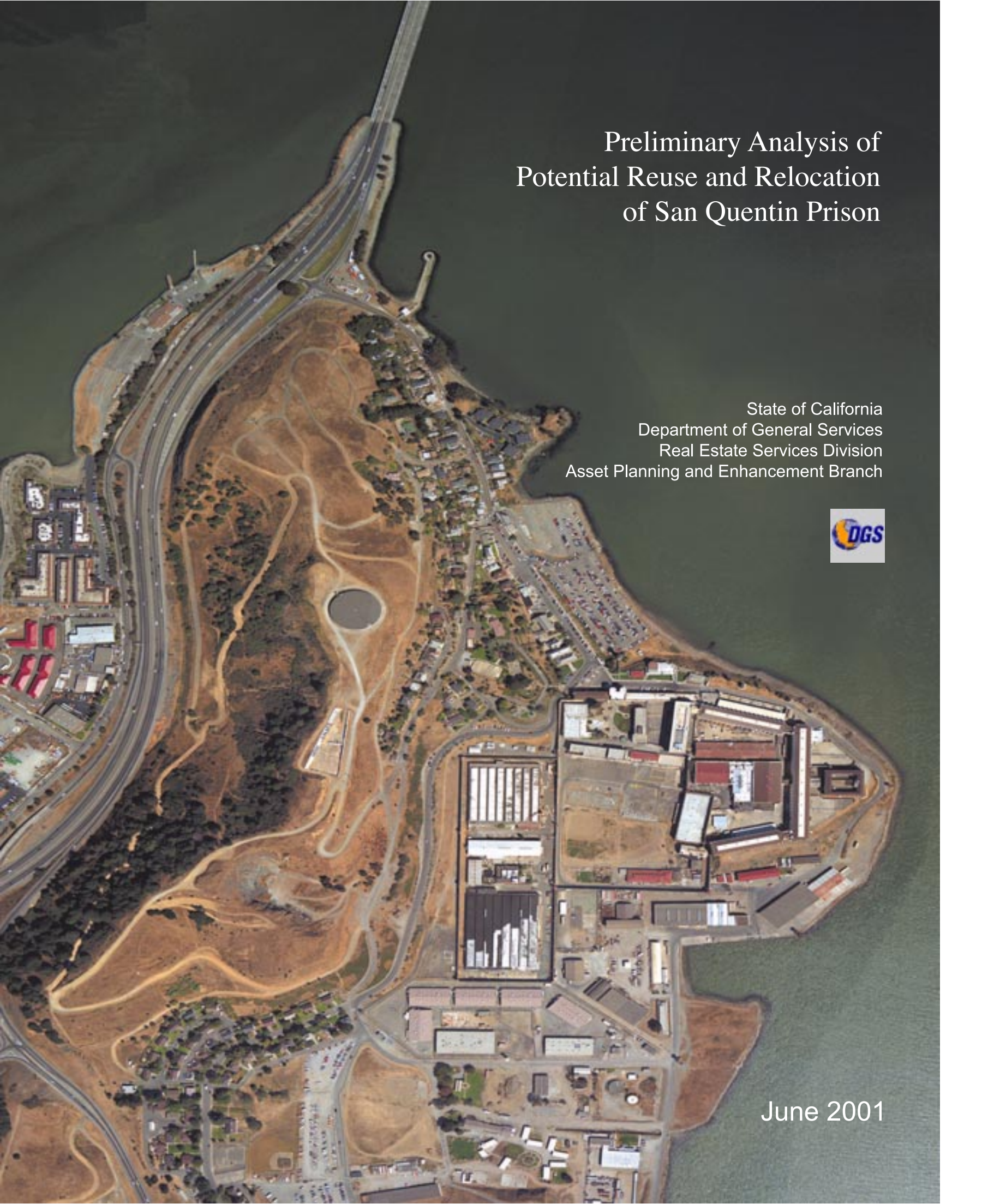
Fred Klass, Program Budget Manager
Department of Finance
915 L Street, A-15
Sacramento, CA 95814
(1 copy)

Karen L. Neuwald, Assistant Director-Legislation
Department of General Services
1325 J Street, Suite 1910, C-1
Sacramento, CA 95814
(1 copy)

Cec Wallin, Budget and Planning Officer
Office of Fiscal Services
1325 J Street, Suite 1600, C-18
Sacramento, CA 95814
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An aerial photograph of the San Quentin Prison facility and its surrounding area. The prison complex, with its various buildings and courtyards, is situated on a peninsula. To the left, a multi-lane highway runs parallel to the coast. The surrounding landscape includes some undeveloped land with a circular pond and some residential areas. The water of the bay is visible on the right side of the image.

Preliminary Analysis of Potential Reuse and Relocation of San Quentin Prison

State of California
Department of General Services
Real Estate Services Division
Asset Planning and Enhancement Branch



June 2001

Executive Summary

Background and Summary of
Reuse Analysis

Reuse Alternatives Analyzed

Findings of Reuse Analysis

Economics of Reusing
San Quentin

Next Steps of Reuse Planning

Relocation of Inmates and
Programs

Appendix to Relocation Analysis

Executive Summary

Attached is the Department of General Services' (DGS) study on the potential reuse of San Quentin prison (Site) and the relocation of the facility and programs, as required by the 2000 Budget Act. DGS has been directed by the Legislature to, "prepare a report and analysis of the possible closure of the California State Prison at San Quentin, including the disposition of the real property. The analysis shall be prepared with the participation of the County of Marin with respect to planning and land use issues. The department shall coordinate with the Department of Corrections to prepare an analysis of the relocation of the inmates and programs served at the institution. The department shall submit its report to the Legislature no later than June 30, 2001." (Ducheny, AB 1740, Budget Item 1760-001-0001, Paragraph 2)

DGS developed this study with the assistance of a team of consultants (Team), which focused on the physical constraints and opportunities of reusing the Site, and the California Department of Corrections (CDC), which focused on the relocation of the existing prison. There is also a second volume, which is a technical appendix to the reuse analysis.

The Site is approximately 275 acres in Marin County. Hillsides, the bay, and four communities border it: San Rafael, Larkspur, Corte Madera, and San Quentin Village. It lies at the intersection of two major freeways, Highway 101 going north and south, and Interstate 580 running east and west. The Site is at the foot of the Richmond-San Rafael Bridge, which connects the North Bay area to the East Bay.

The existing facility dates back to the 1850s. It currently holds approximately 5,700 inmates and employs 1600 people. San Quentin serves three distinct functions for the California Department of Corrections (CDC). It is the reception center for inmates committed to prison from eighteen northern counties. It is also the statutorily required location for housing condemned male inmates, and it houses minimum and medium security general population inmates that participate in various prison programs and industries.

The CDC's multi-year population projections predict an increase in inmates over the next five years even after taking into account the implementation of Proposition 36, which will divert certain drug offenders to community treatment. Thus, given CDC's projections and the current level of crowding in existing prisons, CDC will need to construct replacement facilities if San Quentin is closed. Any subsequent reuse of the Site would require statutory authority.

The preliminary estimate for replacing this facility and relocating the inmates and programs elsewhere envisions two new facilities costing \$695 million, assuming occupancy on July 1, 2006, (or \$605 million if discounted to the present day value that is used in the reuse revenue projections described below). In addition, the one-time costs to start-up the new facilities, relocate the staff, inmates, programs, and equipment could reach \$107 million.

The reuse analysis measures the feasibility and potential value of alternative developments based on physical and policy (state and local) considerations, such as market rate and affordable housing, historic reuse, and an intermodal ferry terminal, which is the major interest of the County of Marin.

In determining the feasibility of selling San Quentin for a non-state use, this study developed three alternatives and analyzed the economic impacts of each one.

1. Residential Community: used to model a development program under essentially existing land use regulations. This alternative has the fewest residential units (about 500), no intermodal ferry terminal, minimal retail area, and the most historic reuse. (Estimated value range: \$129,100,000 - \$205,300,000) ¹
2. Transit Village: increases the retail space, number of dwelling units to just over 2,000, the affordable housing to about 300 units, and reduces the number of historic buildings that would be reused. This scenario, and the New Town described below, is a more transit oriented, infill project that addresses county, regional and state interests such as increasing the housing, transportation, and revenue opportunities. (Estimated value range: \$364,000,000 - \$567,800,000)
3. New Town: further increases the number of housing units to just over 3,500, and the number of affordable units to about 500, by increasing the density of the Site with some taller multifamily housing. In order to reach these unit counts, it may be necessary to consider prototypes, which exceed current county standards. This alternative includes a moderate amount of historic reuse. (Estimated value range: \$420,900,000 - \$664,300,000)

The most significant findings of the reuse study are summarized below:

- The rezoning and corresponding entitlements to be provided by Marin County will affect market value and reuse potential of the Site more than any single physical limitation of the property.
- The number of historic structures to be retained and the feasibility of their reuse could significantly impact the reuse alternatives and corresponding market value of the Site.
- The preliminary cost estimates for demolition, offsite traffic improvements, and infrastructure upgrades are below initial expectations.
- Hazardous materials are inherently a major issue in facilities of this age and use, but the preliminary assessment indicates that the remediation costs may not be severe, relative to the potential fair market value of the property.
- The Site provides a unique opportunity to address fundamental regional issues such as transportation and housing (market-rate and affordable).

¹ Upper range figures consider anticipated prices for well located high end residential products typical of the area whereas lower range figures consider the large scale of the project and achieving faster absorption through commensurately lower sales prices.

- The revenue from proper planning, entitlement and sale of the Site could pay for one-half to all of the replacement prison facility(ies), depending on the specific entitlements provided by the county and the manner in which the facility is replaced.

Until rezoning and entitlements are secured for the Site, the value of the property is speculative. Consequently, it is premature to declare the property surplus to the State's needs. The state should continue working with Marin County throughout the rezoning and entitlement process because the County's zoning designation for the property will have such a significant effect on the value of the Site. The County has already started that process by initiating an update to its Countywide Plan. Since the update includes the Site, DGS recommends that the state play as active a role in that effort as possible. Any action by the County to redesignate the permitted uses for the Site will not adversely affect the state's existing rights to use the property indefinitely for ongoing state purposes.

Before the state chooses to move forward, DGS recommends the following additional steps:

1. Through Marin County's Countywide Plan update, develop a master plan for the Site showing general land uses based on this report and a community outreach program.
2. Develop a program or master Environmental Impact Report for the proposed master plan.
3. Review possible replacement sites for a new prison facility, receive community input and develop the preliminary plans and environmental documents needed to refine CDC's cost estimate, and obtain the necessary statutory change.

These steps could take 2-3 years. At that time, the state would have the information needed to make a well-informed decision about the economic feasibility of balancing the anticipated sale proceeds from selling the Site against all or a portion of the replacement cost for a new facility.

Section II: Background and Summary of Reuse Analysis

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Background and Summary

A. PURPOSE

This section summarizes the potential sale and reuse of the property. The analysis focuses on the most significant physical constraints and associated costs of reusing the Site, such as historic resources, demolition, hazardous materials, traffic, and utility capacities. The findings conclude with the economic opportunities of redeveloping the Site after taking these costs into account. It should be noted that the financial estimates are preliminary in nature and are designed to provide comparable “order of magnitude” costs and potential revenues.

To the greatest extent possible, the Team analyzed the physical constraints and feasible opportunities of the Site within the context of explicit State and local policy objectives. Any reuse of the Site, however, will also raise strong political and community interests. DGS expects that stakeholder considerations will be addressed if the State decides to proceed to the next phase. The tradeoffs associated with those considerations can be better understood now that the State has completed this study and identified the physical constraints and potential opportunities of the Site.

B. OVERVIEW OF THE SITE

The San Quentin State Prison is approximately 275 acres located in Marin County on San Francisco Bay. As depicted in the photographs at the end of this section, the Site is bounded by Interstate 580 and the City of San Rafael to the north (Figure 1), Highway 101 and the City of Larkspur to the west (Figure 2), the bay to the south (Figures 3), and the Richmond-San Rafael Bridge and small private community of San Quentin Village to the east (Figure 4).

San Quentin Village is a small privately owned enclave nestled against the Site that contains a mix of single family and multifamily housing units, but no commercial or office space. There is a post office immediately adjacent to the prison boundary in the Village.

The Site contains approximately 200 buildings of various ages, construction type and uses (See Historic Resources Assessment in the Appendix to Reuse Analysis). The oldest buildings on the Site were constructed in the 1850s. There are 86 homes onsite for employees and their families. Activities on-site include dry cleaning, metal working, wood

working, photography, furniture manufacture, mattress manufacture, a small scale bronze foundry, laboratory glassware assembly, printing, vehicle maintenance, vehicle fuelling, landscaping, outgrounds maintenance, food preparation, and recycling. The Site also includes a hospital, dental clinic, and fire station.

The remainder of the Site consists of paved roadways, parking lots, and undeveloped land that serves as a buffer to the property line northward to the ridgeline and in various locations in the southwest section of the Site.

C. METHODOLOGY

DGS retained DVP Associates, Inc., a land use consultant, to develop the reuse analysis with the assistance of the following subcontractors:

CSW/Stuber-Stroeh Engineering Group, Civil Engineers
Environ, Environmental Consultants
Gast Hillmer, Urban Design
Gruen Gruen + Associates, Real Estate Economists
Bob Harrison, Transportation Engineer
Page & Turnbull, Historic Architects
Lee Saylor, Cost Estimator

Members of the Team met a number of times with senior staff from Marin County who reviewed draft sections of this report and provided useful suggestions, pointed out potential issues, and clarified current County policies. One of the County's primary interests, for example, is that the reuse plan include an intermodal transportation center that relocates the existing ferry terminal in Larkspur to the Site.

The Team received invaluable assistance from the Department of Corrections, especially Mr. Duane Honey, Associate Construction Analyst, who made himself and the facility available for a number of site visits, interviews, and file searches.

Rather than focusing on one possible land use plan, the Team analyzed three broad, hypothetical land use alternatives. The alternatives are analytical models along a continuum of increasing development densities. By using these models, the Team tested various product types, land use intensities, and levels of historic preservation against the likely physical impacts, approximate costs, and potential revenues that each alternative would likely generate. In later phases, DGS can use the results of these models to develop an actual master plan for the Site with the community and County.

The Team developed the alternatives after identifying the most likely physical constraints of the Site. The various disciplines on the Team then analyzed the impacts created by each alternative. DGS selected the physical issues to analyze based on preliminary Site visits, DGS' and Team's past experience on large infill projects, and the available budget for this study.

1. Alternative #1, Residential Community (506 units)

This alternative is used to model a development program that requires the minimum amount of local land use approvals from the County by generally following existing zoning on the Site. Consequently, this alternative represents the fewest residential units, no ferry terminal, minimal retail area, and the most historic reuse. While generally reflecting existing land use regulations for the property, Marin County will be re-evaluating the land use designations and zoning for the Site in light of current housing and transportation issues as part of its recently initiated Countywide Plan update. The State has included this alternative in order for the Department and Legislature to understand the effects of the existing land use regulations.

The next two alternatives address more regional and State interests such as housing, transportation, and revenue, and are particularly relevant with respect to the update of the Countywide Plan.

2. Alternative #2, Transit Village (2097 units)

This alternative increases the retail space and housing, reduces the number of historic buildings that would be reused, and essentially aims at a more transit oriented, infill project. This scenario, and the New Town described below, reflects a County, Regional and State interest in evaluating alternatives that would provide additional affordable, work force and market rate housing linked to public transit opportunities through an intermodal transportation center.

3. Alternative #3, New Town (3585 units)

This alternative is aimed at maximizing the new housing supply – market and affordable – by further increasing the density of the Site and including a moderate amount of historic reuse. In order to reach the densities and increased unit count, it may be necessary to consider housing prototypes that exceed current County height standards.

The Team briefly considered a fourth alternative that included development on the hillside, which is prohibited by the County. Although some of the technical analysis contained in the Appendix to Reuse Analysis includes this scenario, securing necessary approvals appears infeasible so it is not considered any further in this report. We also considered a scenario that simply added some housing to areas of the Site that might be available assuming the continued operation of the prison. We suspended this analysis, as well, due to the number of planning and operational obstacles and the substantial discount in value that would result from such a plan.

The names of each alternative represent the relationship that each one would have to other urbanized areas of the county. Whereas Alternative #1 would be another residential community in the county, Alternative #3 includes enough housing and amenities to represent a new town in the county. Between these two divergent alternatives is Alternative #2, which envisions a transit oriented enclave.

Each alternative includes distinct development areas for residential, commercial, public facilities, and mixed uses. More specifically, the alternatives use different combinations of up to eight residential product types ranging from relatively large homes on larger lots to higher density multifamily prototypes. These different housing types are included to measure more accurately the likely impacts, costs, and revenues associated with each alternative. As with the alternatives in general, the different residential product types are included as analytical tools rather than recommendations about which kind of housing should necessarily be developed on the Site. We expect that much of the information that has been analyzed about these product types will be refined and applied if the State decides to proceed to the next phase.

The report has been organized into two volumes. Volume I contains a description of the alternatives, findings, projected economic impacts and opportunities, and the recommended steps to follow in the next 3-5 years if the Legislature decides to further consider surplusing the property. Volume II contains the technical analysis that the Team conducted to arrive at the basic findings, including the projected costs that are incorporated into the economic analysis. These preliminary studies include planning issues, hazardous materials, demolition, historic resources, traffic, utilities, and planning framework and implementing guidelines for the alternatives.

D. FINDINGS

The most significant findings developed through this study are summarized below:

- The rezoning and corresponding entitlements to be provided by Marin County will affect market value and reuse potential of the Site more than any single physical limitation associated with the property.
- The number of historic structures to be retained and the feasibility of their reuse could significantly impact the reuse alternatives and corresponding market value of the Site.
- The preliminary cost estimates for demolition, offsite traffic improvements and infrastructure upgrades are below initial expectations.
- Hazardous materials are inherently a major issue in facilities of this age and use, but the preliminary assessment indicate that the remediation costs may not be severe relative to the potential fair market value of the property.
- The Site provides a unique opportunity to address fundamental regional issues such as transportation and housing (market-rate and affordable).
- The revenue from proper planning, entitlement and sale of the Site could pay for one half to all of the replacement prison facility(ies), depending on the specific entitlements provided by the County and the manner in which the facility is replaced.

	Residential Community	Transit Village	New Town
Estimated Range of Net Residual Land Values	Low: \$129,100,000 High: \$205,300,000	Low: \$364,200,000 High: \$568,000,000	Low: \$420,900,000 High: \$664,300,000

E. NEXT STEPS

The State should continue working with Marin County through the entitlement process, particularly since the County is updating its Countywide Plan in a way that may affect the Site if it is sold. Until rezoning and entitlements are secured for the Site, the value of the property is speculative. Consequently, it is premature to declare the property surplus to the State's needs. Any action by the County to rezone and entitle the Site will not affect or change the State's existing rights to use the property indefinitely for ongoing State purposes.

Before the State chooses to move forward, three steps are advised:

- Through the County's Countywide Plan update, develop a master plan for the Site showing general land uses based on this report and a community outreach program.
- Develop a program or master Environmental Impact Report for the proposed master plan.
- Review possible replacement sites for a new prison facility, receive community input and develop the preliminary plans and environmental documents needed to refine CDC's cost estimate, and obtain the necessary statutory change.

These steps could take 2-3 years. At that time, the State would possess the necessary information to make a well-informed decision regarding the economic feasibility of selling the existing Site and how the anticipated sale proceeds could be used to finance all or a portion of a replacement prison facility.

View to the North
(City of San Rafael and Interstate 580 in Foreground)



Figure 1

View to the West



Figure 2

View to the South



Figure 3

View to the South-East
(Richmond-San Rafael Bridge with San Quentin Village in Foreground)



Figure 4

Section III: Reuse Alternatives Analyzed

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Alternatives

A. DESCRIPTION OF LAND USE ALTERNATIVES

The land use alternative diagrams that are included in this section show the general locations and distribution of land uses. No alignments for streets or transit routes are shown at this time. An example of a Planning Framework and Implementing Guidelines that could be used to implement the alternatives is included in the Appendix to Reuse Analysis.

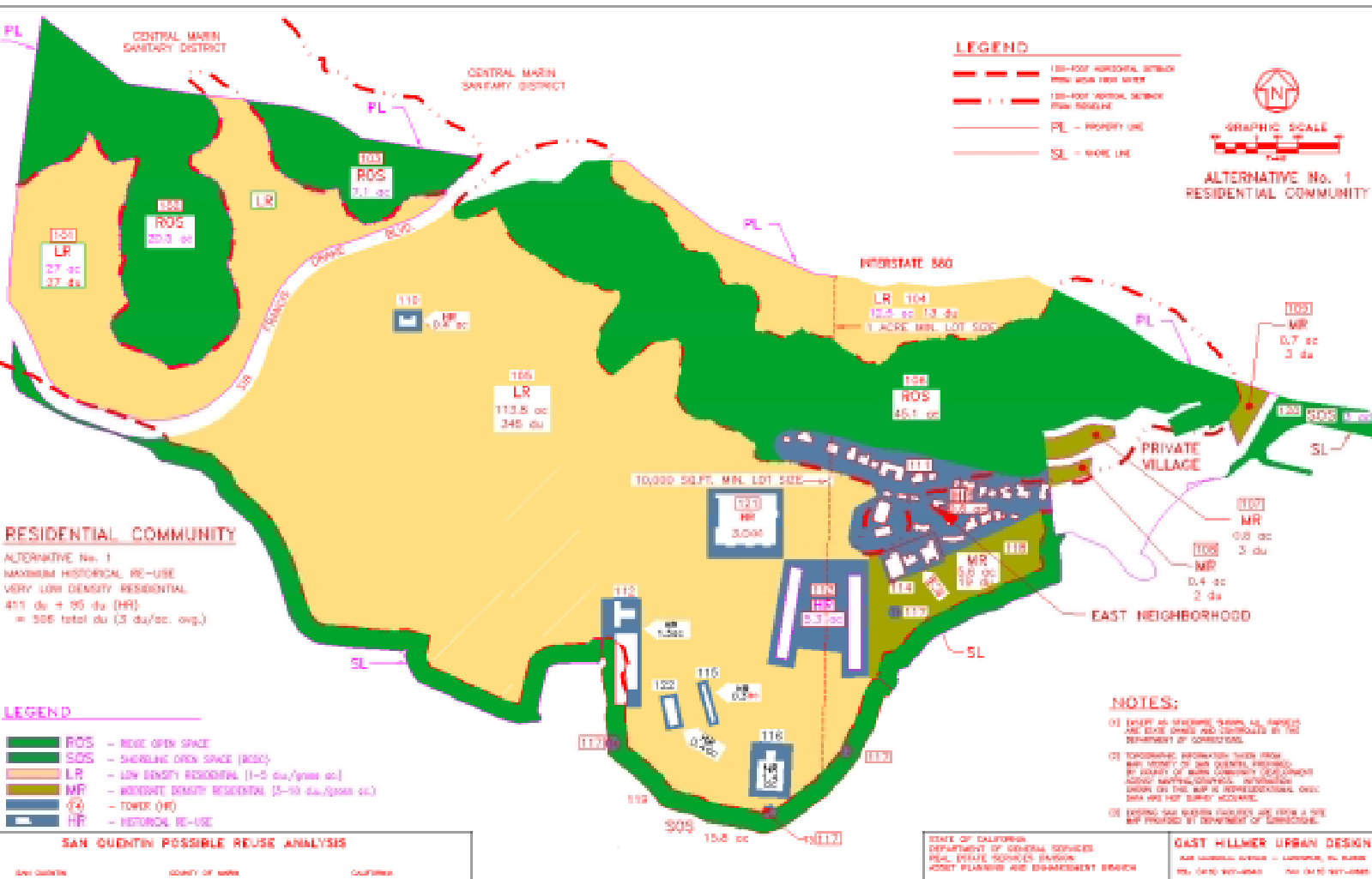
Development at the densities illustrated in each of the alternatives is dependant on approval by the Marin County Board of Supervisors, market demand characteristics, constraints to development in some locations, and other factors. Housing types and related densities that are included in the alternatives are shown in Table C-1.

Alternative 1 - Residential Community (506 dwellings)

This alternative is intended to illustrate the effects of the existing land use regulations and a project that would require the fewest changes to current Marin County policies. This alternative is not consistent with the State's proposed Planning Framework and Implementing Guidelines described in the Appendix to Reuse Analysis. While reflecting existing land use regulations for the property, Marin County will be re-evaluating the land use designations and zoning for this property in light of current housing and transportation issues as part of its recently initiated Countywide Plan update. This reevaluation will involve extensive public comment.

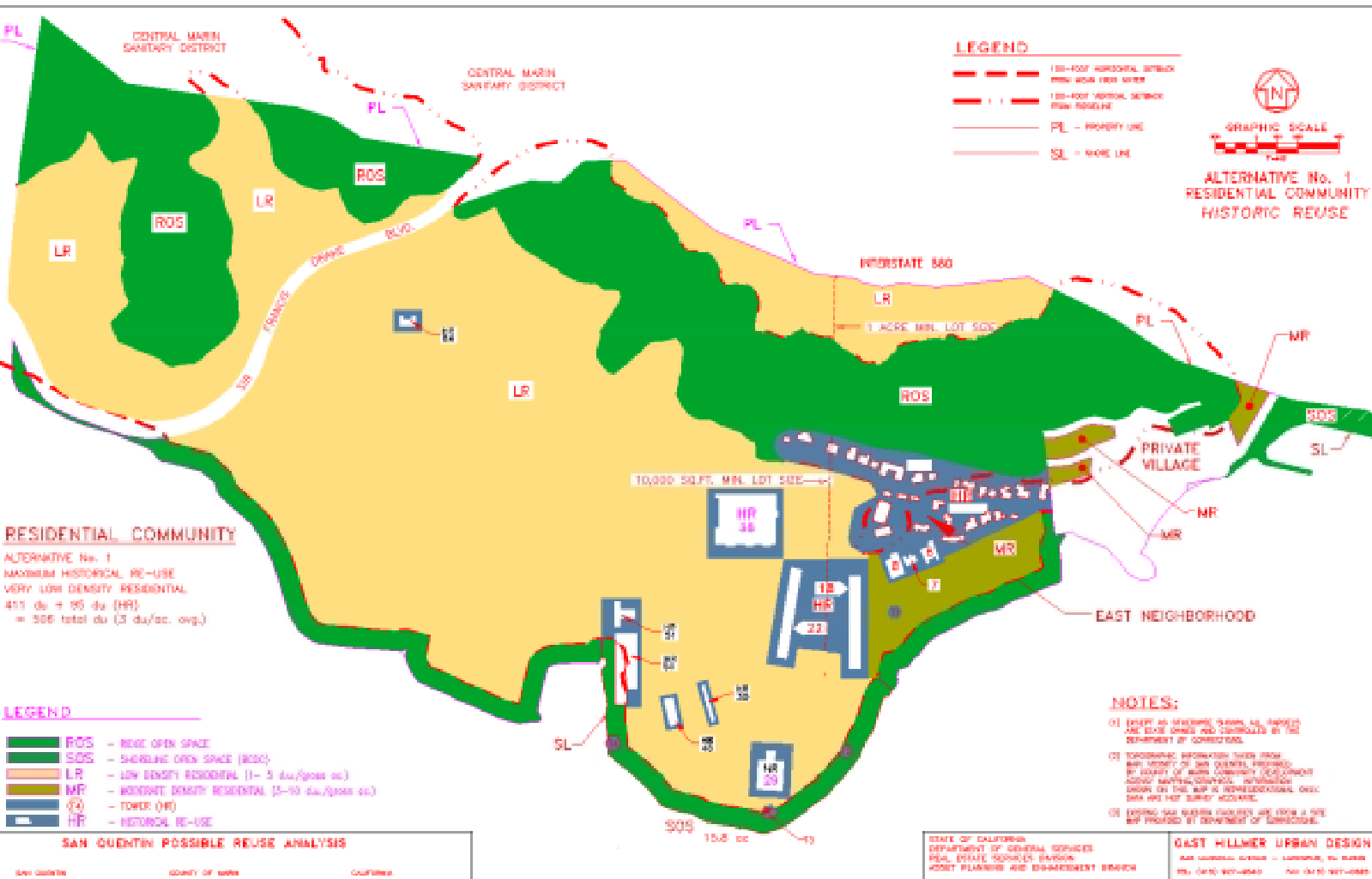
The overall development pattern would be suburban in character and would provide 91.5 acres of open space in both ridgeline and shoreline areas. The ridge line open space area is defined, consistent with County policies, as 100 vertical feet from the topographical ridge location. This results in an area that includes approximately 28 acres west of Sir Francis Drake Boulevard and 45 acres to the east of Sir Francis Drake Boulevard. The shoreline open space area is defined as (consistent with BCDC policies) 100 horizontal feet inland from the elevation of mean high tide. This results in a shoreline open space of approximately 19 acres with continuous public access.

This alternative is composed of Low and Moderate Density Residential neighborhoods (1 to 8 dwelling units/gross acre). It includes the most buildings for historical re-use. These buildings, if feasible to adapt for re-use, would include eight out of eleven structures identified in the Historic Resources Assessment (included in the Appendix to Reuse Analysis) as Very Significant (Buildings 18, 22, 29, 30, Watchtowers 1-4), eight of the thirteen buildings identified as Significant (Buildings 6, 7, 8, 38, 45, 50, 51, 84) and twenty of the homes that are identified as Contributing (the neighborhood around Warrity Park). Although the exact mix of uses for the buildings depends on a wide variety of factors, this alternative envisions an allocation of space as described in Table A-1.



PLANNING AREAS WORKSHEET
ALTERNATIVE # 1: RESIDENTIAL COMMUNITY
506 du (1-8 du/ac. Avg.) Maximum Historic Re-use (HR)

Plan Area	Dev. Area	D.Subarea	Acreage	Land Use	Res. Type	Acres/type	#Du/gr.ac.	#Du Units	Avg. lot sf	Avg.sf/du	Remarks	Mixed-Use	Comm. sf	Parking	Pkg.ratio	#Pkg. sp.
S1	101		27	VL	A	27	1	27	7500	2250	SF clust.			garages	2 cov/du	54
	102		20.5	ROS							Ridge OS					
	103		7.1	ROS							Ridge OS					
Subtotal			54.6			27		27								54
S2	104		12.5	VL	A	12.5	1	12.5	7500	2250	SF clust.			garages	2 cov/du	25
	105		113.8	VL	A	113.8	3.06	348.228	7500	2250	SF clust.			garages	2 cov/du	696.456
	106		45.1	ROS							Ridge OS					
	107		0.8	MR	A	0.8	4	3.2	7500	2250	Village lot			garages	2 cov/du	6.4
	108		0.4	MR	A	0.5	4	2	7500	2250	Village lot			garages	2 cov/du	4
	109		0.7	MR	A	0.7	4	2.8	7500	2250	Village lot			garages	2 cov/du	5.6
	110		0.4	HR		0.4					School. #84	museum	2,500	surface		50
	111		8.6	HR		8.6		20			Houses	20du		garages		40
	112		0.8	HR		0.8					Bldg. #51	office	14,500	surface	0.86	60
	113		2.65	HR		2.65					Bldg. #18	ret/office	5k/70k	surface	0.86	298
	113		2.65	HR		2.65					Bldg. #22	ret./office	15k/18k	surface	0.86	132
	114		0.3	HR		0.3		7			Admin.#8	lower - office upper - residential	10k/8du	surface		56
	115		0.3	HR		0.3		29			W.Cell Block Bldg. #30	lower - office upper - residential	13k/29du	surface		110
	116		1.4	HR		1.4		38			Hosp. #29	lower - office upper - residential	18k/38du	surface		148
	117		0	HR		0					Towers 1-7		2,500	surface	0.9	12
	121		2.7	HR		2.7					Bldg.#38	offices	107,000	surface	0.86	428
	112		0.5	HR		0.5					Bldg.#50	offices	31,200	surface	0.86	124.8
	114		0.3	HR		0.3					Bldg. #6	offices	11,000	surface	0.86	44
	114		0.3	HR		0.3					Bldg. #7	offices	5,500	surface	0.86	22
	122		0.3	HR		0.4					Bldg. #45	offices	6,800	surface	0.86	27.2
	118		5.6	MR	A	5.6	3	16.8	7500	2250				garages	2 cov/du	33.6
	119		15.8	SOS							Shore OS					
Subtotal			215.9			155.2		479.528								2323.056
S3	120		3	SOS												
Subtotal			3			0		0								0
TOTAL			273.5			182.2		506.528								2377.056



**TABLE A-1: ALLOCATION OF HISTORIC REUSE SPACE –
RESIDENTIAL COMMUNITY**

Building Number	Current or Prior Use	Residential Reuse (units)	Retail Reuse (square feet)	Office Reuse (square feet)
6	In Service Training			11,000
7	Old Firehouse			5,500
8	Administration	8 on upper level		10,000 on ground floor
18	Captain's Porch, Officers and Guards Building (records office, investigations, special security, parole boardrooms, visiting rooms, count gate, key/central control)		5,000 on ground floor	52,500 on upper level
				17,500 on ground floor
22	Operations Building, Education, Library, Hobby Shop-Mainline, Receiving and Release		15,000 on ground floor	18,000 on upper level
29	Hospital	38 on upper level		18,000 on ground floor
30	West Cell Block	29 on upper level		13,000 on ground floor
38	Old Factory Building			107,000
45	Fire House			6,800
50	Warehouse			31,200
51	Horse Barn (storage)			7,000 on upper level
				7,500 on ground floor
84 ¹	School House			
T 1-4 ²	Watchtowers			
East Neighborhood	Single family homes for staff	20		
TOTAL		95	20,000	305,000

1 Building 84, which was historically a school house, would be used as a museum.

2 It is anticipated that the watchtowers could serve as a marquis for the project.

Alternative 2 - Transit Village (2097 dwelling units)

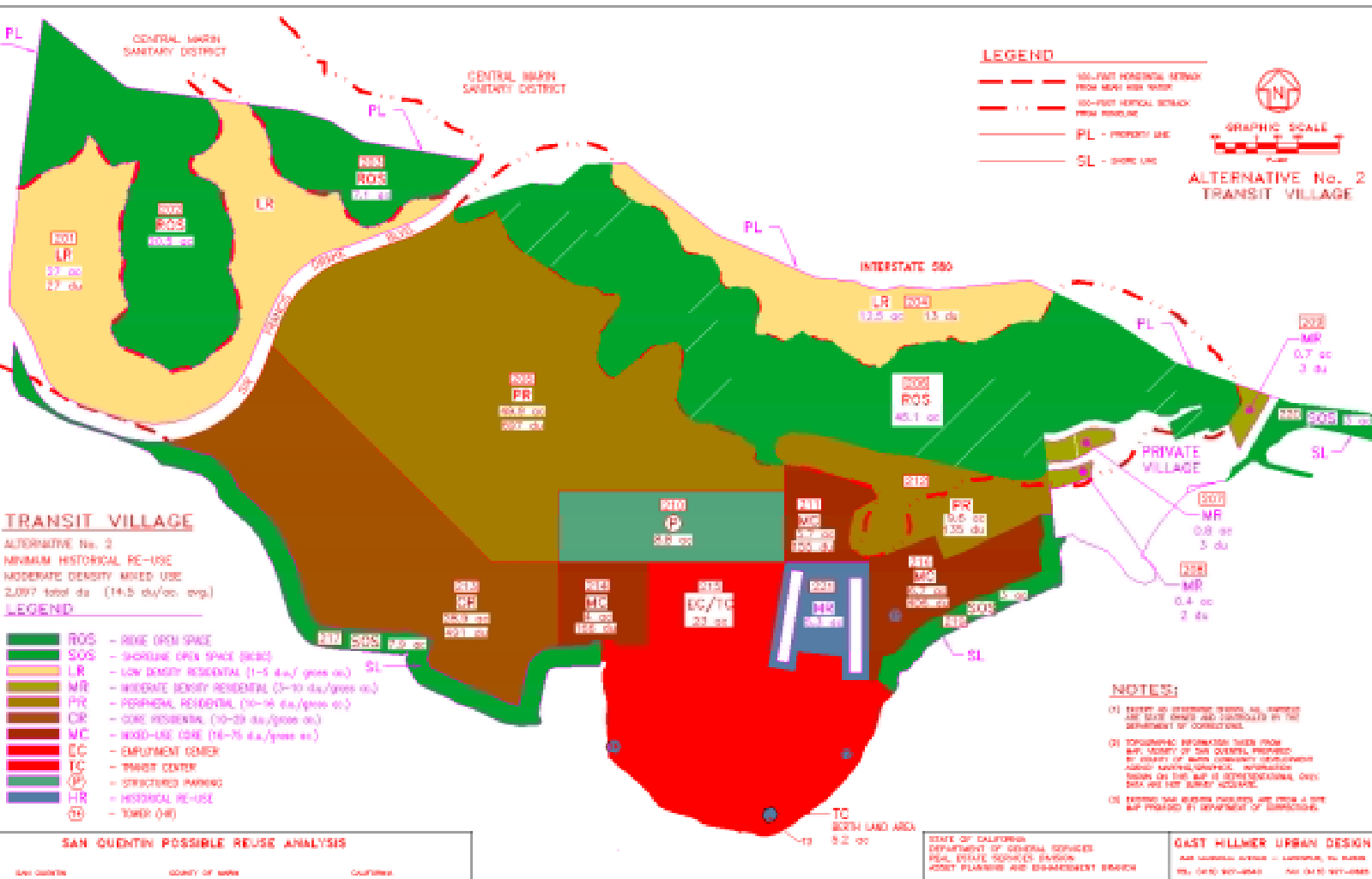
This scenario reflects a County, Regional and State interest in evaluating alternatives that would provide additional affordable, work force and market rate housing linked to an enhanced set of regional land and water transit facilities at Point San Quentin such as an intermodal transportation center. The Transit Village alternative is intended to promote a compact development pattern of housing, employment and supportive mix of uses on the Site. This approach would require amendment to current Marin County zoning and policies regarding land use in the Community Development element of the Countywide Plan.

This alternative is consistent with the Planning Framework and Implementing Guidelines described in the Appendix to Reuse Analysis.

This alternative is composed of the Mixed-Use Transit Center (28 acres), a Mixed Use Core Area (14 acres), Core Residential (29 acres) and Peripheral Residential (60 acres) areas surrounded by Low and Moderate Density Residential neighborhoods (41 acres).

The overall development pattern would be relatively urban in character and would provide 86.6 acres of open space in the ridgeline and shoreline areas. The ridge line open space area is defined, consistent with County policies, as 100 vertical feet from the topographical ridge location. This results in an area including: approximately 28 acres west of Sir Francis Drake Boulevard; and 45 acres to the east of Sir Francis Drake Boulevard. The shoreline open space area is defined as (consistent with BCDC policies) 100 horizontal feet inland from the elevation of mean high tide. This results in a publicly accessible shoreline open space area of approximately 14 acres, exclusive of the 5 acres estimated for berth space in the Transit Center Area.

This alternative includes the fewest historic buildings designated for re-use. These buildings, if feasible to adapt for re-use, would include six of the eleven buildings identified in the Historic Resources Assessment (included in the Appendix to Reuse Analysis) as Very Significant (Buildings 18, 22, and four watchtowers). The ground floor Buildings 18 and 22 would be used for 35,000 square feet of retail space and the upper levels would be used for 73,000 square feet of office space. The watchtowers could be used as a marque for the project.



PLANNING AREAS WORKSHEET
ALTERNATIVE # 2: TRANSIT VILLAGE
2097 du (14.5 du/ac. avg.) Minimum Historic Re-use (HR)

Plan Area	Dev. Area	D.Subarea	Acreage	Land Use	Res. Type	Acres/type	#Du/gr.ac.	#Du units	Avg. lot sf	Avg. sf/du	Remarks	Mixed-Use	Comm. sf	Parking	Pkg.sp/du	#Pkg. sp.
S1	201		27	LR	A	27	1	27	7500	2250	SF clust.			garages	2	54
	202		20.5	ROS							Ridge OS					
	203		7.1	ROS							Ridge OS					
Subtotal			54.6			27		27								54
S2	204		12.5	LR	A	12.5	1	12.5	7500	2250	SF clust.			garages	2	25
	205		49.9	PR			14	697			Per. Res.				2.5	1602
		205.1			D	25	16	400		1500	Townhome			garages	2	800
		205.2			C	8.9	10	89	3100	1800	SF sm.lot			garages	2	178
		205.3			B	16	13	208	5000	2000/750	SF/2nd du			garages	3	624
	206		45.1	ROS							Ridge OS					
	207		0.8	MR	A	0.8	4	3.2	7500	2250	Village lot			garages	2	6.4
	208		0.4	MR	A	0.4	4	1.6	7500	2250	Village lot			garages	2	3.2
	209		0.7	MR	A	0.7	4	2.8	7500	2250	Village lot			garages	2	5.6
	210		8.8	P		8.8					Pkg.Gar.	EC/TC		4 fl struct.		4000
	211		3.7	MC			40	154.8			Mxd core				1.5	174
		211.1			H	1.2	75	90		1000	Mid-rise			2 fl. struct	1	90
		211.2			F	1.2	38	45.6		1000	MF mxduce	office/ret.	10,000	2 fl. struct.	1	45.6
		211.3			D	1.2	16	19.2		1500	Townhome			garages	2	38.4
	212		9.6	PR			14	135			Per. Res.				2.25	309
		212.1			D	5	16	80		1500	Townhome			garages	2	160
		212.2			C	1.6	10	16	3100	1800	SF sm.lot			garages	2	32
		212.3			B	3	13	39	5000	2000/750	SF/2nd du			garages	3	117
	213		28.9	CR			17	490.96			Core Res.	hotel	150 Rm.	struct.	2	972.54
		213.1			E	7.22	29	209.38		1200	MF/courts			garages	1	209.38
		213.2			D	7.22	16	115.52		1500	Townhome			garages	2	231.04
		213.3			C	7.22	10	72.2	3100	1800	SF sm.lot			garages	2	144.4
		213.4			B	7.22	13	93.86	5000	2000/750	SF/2nd du			garages	2	187.72
	214		4	MC			40	166			Mxd core				1.5	182
		214.1			H	2	75	150		1000	Mid-rise			2 fl. struct	1	150
		214.2			G	0	45	0		1200	MF/blocks			struct.	1	0
		214.3			D	1	16	16		1500	Townhome			garages	2	32
		214.4			E	0	29	0		1200	MF/courts			garages	1	0
		214.5			F	0	38	0		1000	MF/mxdus	office/ret.	10,000	2 fl. struct.	1	0
	215		23	EC/TC		23					Transit Ctr	offices	177,000	3 fl. struct		1000
	216		6.7	MC			60	405.7			Mxd core				1.5	388
		216.1			H	4	75.6	302.4		1000	Mid-rise			2 fl. struct	1	302.4
		216.2			G	1	45	45		1200	MF/blocks			struct.	1	45
		216.3			D	0	16	0		1500	Townhome			garages	2	0
		216.4			E	0.7	29	20.3		1200	MF/courts			garages	1	20.3
		216.5			F	1	38	38		1000	MF/mxdus			2 fl. struct.	1	20.3
	217		7.9	SOS							Shore OS					
	218		5.2	TC/SOS							Ferry Berth					
	219		3	SOS							Shore OS					
	221		2.65	HR		2.65					Bldg. #18	ret./office	20k/55k			
	221		2.65	HR		2.65					Bldg. #22	ret./office	15k/18k			
Subtotal			215.5			153.18		2069.56								8652.54
S3	220		3	SOS							Shore OS					
Subtotal			3			0		0								0
TOTAL			273.1			180.18		2096.56								8706.54

Alternative 3 - New Town (3,585 dwelling units)

This alternative, as in the Transit Village, provides for an enhanced set of regional land and water transit facilities at Point San Quentin. The New Town alternative, which is consistent with the Planning Framework and Implementing Guidelines described in the Appendix to Reuse Analysis, illustrates an urban development pattern of housing, employment and a supportive mix of uses on the Site. This approach would require revision to current Marin County policies regarding land use in the Community Development element of the Countywide Plan.

This alternative is more intensely developed than the Transit Village, thereby increasing the number of housing units – both market and affordable – that could be provided. In order to reach the densities and increased unit count, it is necessary to consider one housing prototype – out of eight that are included -- that exceeds County standards. This product type, and other higher density prototypes included in this alternative, increases the feasibility to provide affordable units.

This alternative is composed of the Mixed-Use Transit Center (28 acres), a Mixed Use Core Area (71 acres) and Core Residential (30 acres) area surrounded by Low and Moderate Density Residential neighborhoods (41 acres).

The overall development pattern would be more urban in character than the Transit Village, but would still provide approximately 86.6 acres of open space in both ridgeline and shoreline areas. The ridge line open space area is defined, consistent with County policies, as 100 vertical feet from the topographical ridge location. This results in an area including: approximately 28 acres west of Sir Francis Drake Boulevard; and 45 acres to the east of Sir Francis Drake Boulevard. The shoreline open space area is defined as (consistent with BCDC policies) 100 horizontal feet inland from the elevation of mean high tide. This results in a shoreline open space area of approximately 14 acres, exclusive of the 5 acres estimated for berth space in the Transit Center Area.

This alternative includes a moderate number of buildings designated for historical re-use. These buildings, if feasible to adapt for re-use, would include eight of the eleven identified in the Historic Resources Assessment as Very Significant (Buildings 18, 22, 29, 30, and four watchtowers). The proposed allocation of space is described on Chart A-4 on the next page.

PLANNING AREAS WORKSHEET
ALTERNATIVE # 3: NEW TOWN
3584 du (25 du/ac. avg.) Moderate Historic Re-use (HR)

Plan Area	Dev. Area	D.Subarea	Acreage	Land Use	Res. Type	Acres/type	#Du/gr.ac.	#Du units	Avg. lot sf	Avg. sf/du	Remarks	Mixed-Use	Comm. sf	Parking	Pkg.sp/du	# Pkg. sp.
S1	301		27	LR/VL	A	27	4	108	7500	2250	SF clust.			garages	2	216
	302		20.5	ROS							Ridge OS					
	303		7.1	ROS							Ridge OS					
Subtotal			54.6			27		108								216
S2	304		12.5	LR	A	12.5	1	12.5	7500	2250	SF clust.			garages	2	25
	305		29.5	CR			17	501.84			Core Res.				1.75	789.66
		305.1			E	7.38	29	214.02		1200	MF courts			garages	1	214.02
		305.2			D	7.38	16	118.08		1500	Townhome			garages	2	236.16
		305.3			C	7.38	10	73.8	3100	1800	SF sm. lot			garages	2	147.6
		305.4			B	7.38	13	95.94	5000	2000/750	SF/2nd du			garages	2	191.88
	306		45.1	ROS							Ridge OS					0
	307		0.8	MR	A	0.8	4	3.2	7500	2250	Village Lot			garages	2	6.4
	308		0.4	MR	A	0.4	4	1.6	7500	2250	Village Lot			garages	2	3.2
	309		0.7	MR	A	0.7	4	2.8	7500	2250	Village Lot			garages	2	5.6
	310		8.8	P		8.8					Park. Gar.	TC/EC		4 fl. struct.		4000
	311		19.6	MC			40	802.4			MXD core		7500		1	802.4
		311.1			H	4	75.5	302		1000	Mid-rise			2 fl. struct.	1	302
		311.2			G	4	45	180		1200	MF blocks			struct.	1	180
		311.3			D	4	16	64		1500	Townhome			garages	1	64
		311.4			E	3.6	29	104.4		1200	MF courts			garages	1	104.4
		311.5			F	4	38	152		1000	MF mxdu	retail	10,000	2 fl. struct.		152
	312		51.3	MC			41	2084.5			MXD core	hotel	150 Rm		1.25	2928.5
		312.1			H	10.3	75	772.5		1000	Mid-rise			2 fl. struct.	1	772.5
		312.2			G	10.25	45	461.25		1200	MF blocks			struct.	1	461.25
		312.3			D	10.25	16	164		1500	Townhome			garages	2	328
		312.4			E	10.25	29	297.25		1200	MF courts			garages	1	297.25
		312.5			F	10.25	38	389.5		1000	Mf mxdu	retail	10,000	2 fl. struct.	1	389.5
	313		2.65	HR		2.65					Bldg. #18	ret./office	22.5k/52.5k	surface		332
	313		2.65	HR		2.65					Bldg. #22	ret./office	15k/18k	surface		148
	314		0.3	HR		0.3		29			Bldg. #30	ret/off./res.	10k/3k/29du			81
	320		1.4	HR		1.4		38			Bldg. #29	off./resid.	14k/38du			110
	316		23.3	EC/TC		23.3					Transit Ctr	office	381,300	4 fl. struct.		2000
	317		7.9	SOS							Shore OS					
	318		5.2	TC/SOS							Ferry Berth					
	319		3	SOS							Shore OS					
Subtotal			215.1			153.92		3475.84								11231.76
S3	321		3	SOS							Shore OS					
Subtotal			3			0		0								0
TOTAL			272.7			180.92		3583.84								11447.76

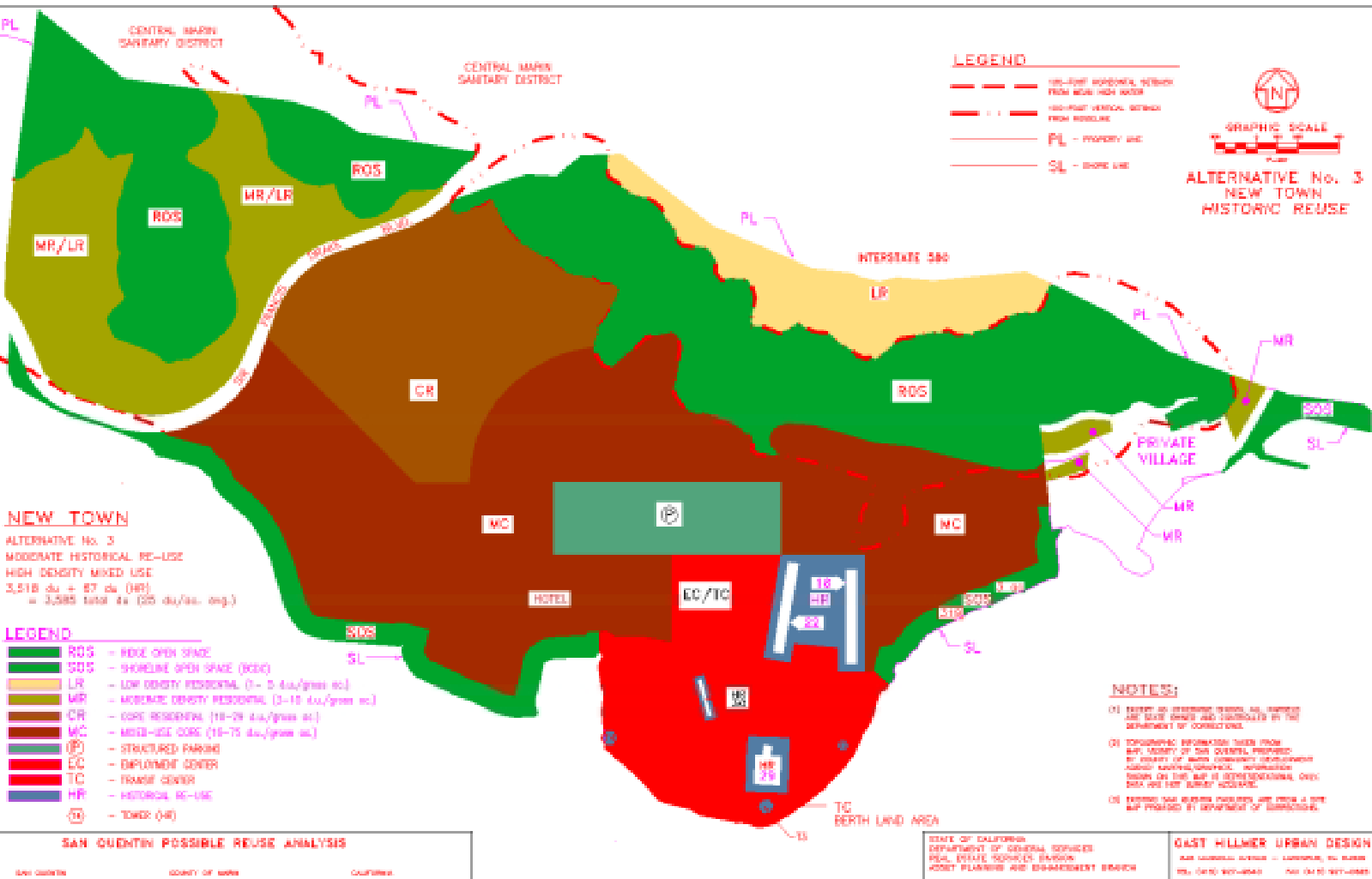


TABLE A-4: ALLOCATION OF HISTORIC REUSE SPACE IN NEW TOWN

Building Number	Current or Prior Use	Residential Reuse (units)	Retail Reuse (square feet)	Office Reuse (square feet)
18	Captain's Porch, Officers and Guards Building (records office, investigations, special security, parole boardrooms, visiting rooms, count gate, key/central control)		22,500 on ground floor	52,500 on upper level
22	Operations Building, Education, Library, Hobby Shop-Mainline, Receiving and Release		15,000 on ground level	18,000 on upper level
29	Hospital	38 on upper level		14,000 on ground level
30	West Cell Block	29 on upper level	10,000 ground floor	3,000 on upper level
T 1-4	Watchtowers ³			
TOTAL		67	47,500	87,500

³ It is anticipated that the watchtowers could serve as a marquis for the project.

B. ELEMENTS OF THE LAND USE ALTERNATIVES

The Land Use Alternatives are derived from the principles described in the Planning Framework and Implementing Guidelines included in the Appendix to Reuse Analysis. The alternatives are illustrated and described in terms of land use combinations and densities.

The alternatives include the following uses:⁴

1. Mixed Use Community Cores: neighborhood serving retail shops and services, transit linkages, employment, housing, day-care center, restaurants, public facilities and structures designated for historic re-use. (40 du/gross acre, average).
2. Core Residential: mix of housing types with average densities of 17 dwelling units to the acre. This area would provide for easy walking and biking to the Mixed-Use Core and linkages to transit facilities. (14-20 du/gross acre, average)
3. Peripheral Residential (to the Mixed-Use Community Core): primarily single family dwellings and townhomes adjacent to the Core Residential area. The Peripheral Residential areas help support the commercial uses in the Mixed-Use Community Core, and are designed for clear pedestrian, bicycle and auto access to the Core. (8-14 du/gross acre, average)
4. Moderate Density Residential: located on areas of gently sloping or hillside topography. These neighborhoods will provide an additional population base to support commercial and public services. Convenient walking and biking access to the Mixed-Use Community Core; transit and other residential areas should be provided. (5-8 du/gross acre, average)
5. Low Density Residential: located on areas of gently sloping or hillside topography. These neighborhoods will provide an additional population base to support commercial and public services. Convenient walking and biking access to the Mixed-Use Community Core; transit and other residential areas should be provided. (1-5 du/gross acre)
6. Employment Centers: corporate, business and professional offices, scientific research, research and development (no manufacturing), County operations facilities.
7. Service Commercial: hotel, commercial recreation, sales, retail uses. Community serving retail uses such as grocery, pharmacy and hardware store should be considered so as to reduce auto travel off-site for these services.

⁴ Estimated land areas and boundaries of proposed development envelopes are described and calculated on a gross and net useable basis. Deviations in total acreage in each alternative are due to rounding and variations between USGS and County GIS mapping (neither one is survey accurate).

8. Environmental Conservation Areas: Ridgeline, Upland Conservation zones and Bayfront Conservation Areas as defined in the Marin Countywide Plan Environmental Quality Element.
9. Community Parks and Open Spaces. Neighborhood oriented active open spaces such as pocket parks, parkways, walking and biking trails linking public areas. Mixed use areas would provide plazas, courtyards and pedestrian passageways.
10. Regional Multi-modal Transit Center: containing facilities for land and water transit. The Transit Center would be designed with a mix of employment, commercial serving uses and convenient parking to provide for connections to local and regional land/water transit systems. Transit facilities could include a bus terminal, high speed ferry terminal /berthing areas and possible rail terminal.
11. Access and Circulation Elements: The hierarchy of streets and roadways including scenic corridors, arterial streets, residential collector streets, residential neighborhood streets, private residential streets, shared drives, service alleys and parking areas, both surface and structured. The network of pedestrian and bicycle circulation including sidewalks, bike paths, trails and public access areas; transitways, transit stops and transit center areas.
12. Historic Buildings. In order to balance the economic and historic interests, we have included varying degrees of historic reuse in each alternative based on the different categories of historic significance discussed in the Historic Resources Assessment of the Appendix to Reuse Analysis.

TABLE B-1: RELATIONSHIP OF ALTERNATIVES TO MARIN COUNTYWIDE PLAN

LAND USE ALTERNATIVES	COUNTYWIDE PLAN OBJECTIVES TO BE ACHIEVED ⁵	ISSUE AREAS	REMARKS
ALTERNATIVE #1 Residential Community 506 dwelling units on 171.2 acres (3 du/ac.) 91.5 acres in conservation areas	Environmental Quality Element: EQ 1-4 Community Development Element: CD-1, CD-4, CD-7, CD-8, CD-13.2 Transportation Element: T 1-6 Housing Element: H 1-5 Noise Element: N 1-2 Community Facilities Element: CF 3-6 Parks and Recreation Element: PR-1	Environmental Quality Element: None Community Development Element: CD-2, CD-3, CD-5 (policy CD-5.3) Transportation Element: cumulative impacts Housing Element: H-1 (possible conflict) Noise Element: None Community Facilities Element: CF-1, CF-2 Parks and Recreation Element: None	Ridgeline and shoreline conservation areas No activity centers No Transit Center proposed. Low density residential is least efficient way to provide affordable units. 15% (76 units) affordable Parks and trails proposed
ALTERNATIVE #2 Transit Village 2,097 dwelling units on 144.2 acres (14.5 du/ac.) 86.6 acres in conservation areas	Environmental Quality Element: EQ 1-4 Community Development Element: CD 1-7 Transportation Element: T 1-6 Housing Element: H 1-5 Noise Element: N-1, N-2 Community Facilities Element: CF 2-6 Parks and Recreation Element: PR-1	Environmental Quality Element: None Community Development Element: CD-8, CD-13.2 (inconsistent with Land Use policy map 5.2) Transportation Element: cumulative impacts Housing Element: None Noise Element: None Community Facilities Element: CF-1 Parks and Recreation Element: None	Ridgeline and shoreline conservation areas Variety of housing types, top range exceeds 40 du/ac. Transit Center proposed Range of affordable units. 15% (315 units) affordable Parks and trails proposed

⁵ See Planning Issues in the Appendix to Reuse Analysis, for full description of objectives, policies and implementation measures

LAND USE ALTERNATIVES	COUNTYWIDE PLAN OBJECTIVES TO BE ACHIEVED ⁵	ISSUE AREAS	REMARKS
ALTERNATIVE #3 New Town 3,585 dwelling units on 145.2 acres (25 du/ac.) 86.6 acres in conservation areas	Environmental Quality Element: EQ 1-4 Community Development Element: CD 1-7 Transportation Element: T 1-5 Housing Element: H 1-5 Noise Element: N-1, N-2 Community Facilities Element: CF 2-6 Parks and Recreation Element: PR-1	Environmental Quality Element: None Community Development Element: CD-8, CD-13.2 (not consistent with Land Use policy map 5.2) Transportation Element: cumulative impacts Housing Element: None Noise Element: None Community Facilities Element: CF-1 Parks and Recreation Element: None	Ridgeline and shoreline conservation areas Linked to transit TH/MF housing types Some densities exceed 40du/ac. Transit Center proposed Widest variety of housing types. Range of affordable units. 15% (527 units) affordable Parks and trails proposed

C. RESIDENTIAL LAND USES, PROTOTYPES, AND HISTORIC REUSE

TABLE C-1: HOUSING TYPES AND RELATED DENSITIES

Residential Category	Appropriate Housing Types	Compatible Activities
Housing in Mixed-Use Community Core	Multi-Family Dwellings 25-75 du/acre Attached Townhouses 12-16 du/acre Residential over retail or office uses 20-30 du/acre	See list of components in Planning Framework and Implementing Guidelines of the Appendix to Reuse Analysis for other uses in Mixed-Use Core
Core Residential Neighborhoods	Multi-family Courtyards 25-45 du/acre Attached Townhouses 12-16 du/acre SF small lot 5-10du/acre SF w/ second unit 5-8 double units/acre	Neighborhood and pocket parks, schools, places of community or religious assembly, day care, neighborhood services and other compatible activities
Peripheral Residential Neighborhoods	Attached Townhouses 12-16 du/ acre SF small lot 5-10 du/acre SF w/ second unit 5-8du/acre SF conventional lot 1-5 du/acre	Neighborhood and pocket parks, schools, places of community or religious assembly, day care, low intensity neighborhood services and other compatible activities
Moderate and Low Density Residential Neighborhoods	SF conventional lot 1-5 du/acre SF larger lots 1du/acre	Neighborhood and pocket parks, schools, places of community or religious assembly, day care and other compatible activities

Preliminary housing prototypes are illustrated in the Planning Framework and Implementing Guidelines of the Appendix to Reuse Analysis. The following chart summarizes the prototypes, their allocation in each alternative, and the portion of the total building space in each alternative that is from the reuse of historic buildings.

TABLE C-2: SUMMARY OF RESIDENTIAL PROTOTYPES & HISTORIC REUSE

RESIDENTIAL COMMUNITY	DESCRIPTION OF PROTOYPES	NUMBER OF UNITS	SQUARE FEET	HISTORIC REUSE PORTION
Residential A	See below	411	924,750	
Historic Residential	75 upper level units in historic buildings and 20 existing homes	95		101,975
TOTAL		506	1,026,725	
Retail	Ground floor space of existing buildings		20,000	20,000
Office	Ground and upper floors		305,000	305,000
Other	Reuse of old schoolhouse for museum. Watchtowers to be used as a marque.		2,500	2,500
TRANSIT VILLAGE				
Residential A	<u>Single Family Clustered Units and Duplex Units - Hillside Areas</u> 5 du/net ac, 1-3 du/gross ac, avg. lot size: 7,500 sf, avg. unit size: 2,250 sf, 2 stories with garage	47	105,750	
Residential B	<u>Single Family Detached Unit with Second Residential Unit</u> 8 double du/net ac, 7 double du/gross ac, avg. lot size: 5,000 sf, avg. unit sizes: primary unit 2000 sf, secondary unit 750 sf, 2 stories with garage	341	340,000/128,250	
Residential C	<u>Single Family Detached Unit - Small Lot</u> 14 du/net ac, 10 du/gross ac, avg. lot size: 3,100 sf, avg. unit size: 1,800 sf, 2 stories with garage	177	318,600	
Residential D	<u>Attached Townhouses</u> 25 du/net ac, 16 du/gross ac, avg. unit size: 1,500 sf, 2 stories over garages	663	994,500	
Residential E	<u>Multi-Family Dwelling Units with Walk Up Entrances Around Courtyards</u> 44 du/net ac, 29 du/gross ac, avg. unit size: 1,200 sf, 2 stories over garages at street, 2 stories on grade in courtyards	267	320,400	
Residential F	<u>Multi-Family Dwelling Units Over Commercial Uses with Parking Structure</u> 50 du/net ac, 38 du/gross ac, avg. unit size: 1,000 sf, avg. depth of commercial space: 50 ft. with pedestrian arcade, 2-3 residential levels over 2 commercial levels with 2 levels interior parking	122	122,000	
Residential G	<u>Multi-Family Units with Corridors</u> 75 du/net ac, 45 du/gross ac, avg. unit size: 1,200 sf, 5 residential levels over a parking structure level	90	108,000	

Residential H	Mid-Rise Multi-Family Dwelling Units with Parking Structures /Commercial Frontage 140 du/net ac, 75 du/gross ac, avg. unit size: 1000 sf, 8 residential levels in mid- rise and townhomes over 2 level parking structure, commercial frontage on parking structure	390	390,000	
TOTAL		2,097	2,827,500	
Retail	Ground floor space		35,000	35,000
Office	Upper level space		250,000	73,000
Other	Multimodal Transportation Terminal. Watchtowers to be used as a marque.		n/a	
NEW TOWN				
Residential A	See above	128	288,000	
Residential B	See above	96	96,000/36,000	
Residential C	See above	74	133,200	
Residential D	See above	346	519,000	
Residential E	See above	616	739,200	
Residential F	See above	542	542,000	
Residential G	See above	641	769,200	
Residential H	See above	1,075	1,073,000	
Historic Residential	Upper levels of historic hospital and west cell block	67		89,311
TOTAL		3,585	4,284,911	
Retail	Ground floor of buildings #18 and 22, and lower level of west cell block		75,000	47,500
Office	Ground level of historic hospital and upper levels of buildings 18, 22 and west cell block		468,800	87,500
Other	Multimodal Transportation Terminal. Watchtowers to be used as a marque.		n/a	

Section IV: Findings of Reuse Analysis

A.	PLANNING ISSUES	IV-1
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Findings

This section describes the basic findings about the physical issues and opportunities associated with the Site. The items in this section are roughly divided between the first three – Planning Issues, Hazardous Materials, and Historic Resources – which influenced the development of the alternatives, and the last four items – Demolition, Traffic, Infrastructure, and Economics – which measured the impacts of the alternatives after they were prepared.

A. PLANNING ISSUES

A number of neighboring communities, and at least one regional regulatory agency, have authorities and/or policies affecting the Site.

1. First and foremost is the County of Marin (County). The County, which has strong interests about the future of the Site, would be the lead agency in approving the specific reuse of the property. The Site, which currently includes the prison, a number of residential units for staff, and open space, includes six existing land use designations that generally allow only very low density housing. As a result, the Residential Community is the only alternative that would not require a significant revision to the Countywide Plan.

On the other hand, the New Town alternative would require the most significant changes to current County policies and preferences. These revisions would be necessary for the land use plan as well as the proposed building types. For example, the New Town alternative includes eight residential prototypes, one of which is a 10 story mid-rise multifamily building that exceeds current County policy.

Other County policies influence the alternatives, as well. For example, the County has emphasized the importance of a new intermodal transportation center that includes relocating the existing ferry terminal half a mile away to the Site. And, although the Countywide Plan does not presently contain any strong land use policies regarding the Site specifically, the Plan does limit most development to 100 vertical feet below the top of the hillside ridge. This policy immediately sets aside almost 80 acres as open space.

2. The Site is located within the sphere of influence of the Cities of Larkspur and San Rafael. Although the Site is not within either jurisdiction to enforce their respective land use policies, the Larkspur Planning Department has proposed goals and policies specifically associated with the Site in its General Plan. That plan states that the City should "retain all or a portion of the San Quentin Prison site for park or other public use if prison use is discontinued." The City of San Rafael has identified the ridge area of the Site next to I-580 as a significant environmental resource.

3. The Bay Conservation and Development Commission (BCDC) has jurisdiction over the 100 feet landward from the highest tidal action. The BCDC carries out the San Francisco Bay Plan, which includes no specific policies regarding the Site except that it is named as a desired location for a possible commuter ferry terminal. In addition, the plan

states that public access should be included wherever feasible in any shoreline development. That policy is intended to result in much more access to the Bay than can be provided by public parks alone, especially in urban areas, and to encourage private development of the shoreline for such access.

B. HAZARDOUS MATERIALS

The cost estimate of remediating the Site is based on a reasonable worst-case scenario. It is based on existing information such as historical maps, environmental regulatory orders, current and past uses, and staff interviews. Budgetary constraints prevented any testing of soil or groundwater. The estimates are as much as \$18.8 million for the Residential Community, which includes the smallest number, but largest size, housing units that would likely need site remediation to a level that avoids most deed restrictions. The Transit Village and New Town are each estimated to cost \$4.9-5.0 million to remediate hazardous materials. This significantly lower cost, spread over far more units, is possible because of the mix of housing types and commercial uses that enables a more strategic development and remediation strategy. This strategy would likely include certain deed restrictions for some commercial uses and mid-rise residential buildings.

C. HISTORIC RESOURCES

1. Based on a preliminary assessment, it appears that a number of buildings at the Site are of varying degrees of historic significance, and that most of the Site is probably eligible as an historic district. Since the preservation and reuse of all such buildings is likely to be economically infeasible, we have prioritized the historic significance of the buildings into three categories: Very Significant, Significant, and Contributing. Very Significant buildings are those that either house prisoners or relate directly to guarding or maintaining the prison population. The Significant buildings are those that support the purpose of the prison itself, such as the factory buildings, school, horse barn, certain warehouses, and the administration building, as well as the oldest houses that were built before 1900. The Contributing buildings are all the other buildings that are 50 years old or more.

2. The State Historic Preservation Officer (SHPO) will play an instrumental role in the number of buildings that are preserved and reused for private uses. It should be noted that SHPO does not recognize the categories described above so it may recommend that more buildings be reused than contemplated in this report.

3. As discussed in the economics section of this report, the reuse of any of the buildings presents certain economic challenges. In the case of the three large cell blocks, which are all considered Very Significant, the financial feasibility of reusing them is so unlikely that even the alternative that contemplates the maximum historic reuse only preserves one of these buildings. It is beyond the scope of this analysis to determine how this particular building could be reused and the degree to which its overwhelming presence on the Site would effect other land uses and values. In the absence of some

feasible reuse, it is not clear where the significant financial resources would come from to preserve the building and what the building could feasibly be used for in its current configuration.

D. DEMOLITION

The preliminary estimate to demolish all of the buildings and the onsite infrastructure, such as roads and utilities, is approximately \$26 million. About half of this amount is to remove the existing infrastructure. Consequently, increasing the number of historic buildings that would be reused rather than demolished would only marginally reduce this amount.

E. OFFSITE TRAFFIC

1. The Residential Community does not require any significant traffic improvements that are not already planned to serve existing or future traffic. The improvements needed for the Transit Village that are not already included in the project list of the City of Larkspur are: 1) a widening to four lanes of Sir Francis Drake Boulevard from I-580 to the west entrance of the Site, 2) traffic signals at Main Street (San Quentin Village) and the I-580 ramps, and 3) and the widening of the I-580 east off ramp to two lanes. The price for these improvements is estimated at approximately \$3 million. The New Town would require, in addition to the improvements recommended for the Transit Village, widening Sir Francis Drake Boulevard to four thru-lanes from I-580 to the existing four lane section in Larkspur (about one mile), and widening the I-580 west off ramp to two lanes. In addition, improvements to two access roads to the west side of the Site would be required plus the I-580 off-ramps should be widened to two lanes each. These improvements are estimated to cost just over \$5 million.

2. The traffic improvements suggested above may be triggered by the project alone. When the cumulative impact, which considers future planned projects in the area, is measured for the New Town, the project may be asked to participate in a new interchange on I-580. It is purely speculative at this point whether such an improvement will be built, whether the project will be asked to contribute and what the project's share would be. Preliminary estimates for the total cost of the interchange range from \$25-42 million. The estimated cost of the project's share may be as much as \$9 million for the New Town.

3. The more intense alternatives obviously create more impacts, but they also take increasing advantage of the mixed use, transit oriented nature of the project. This allows for a reduction of some of the traffic that would normally be associated with a project of this size to go offsite, thereby decreasing offsite impacts and costs of mitigation. The residential trips are reduced due to the convenience of the onsite retail, which is more substantial as the project alternatives intensify. Likewise, the retail space in all the alternatives is limited to accommodate primarily the onsite residents rather than draw significant traffic from offsite. As a result, although the retail component does create some impact, it does so much less than one might expect.

4. A key objective of the traffic analysis was to minimize the impact to neighboring San Quentin Village. In particular, the analysis aimed at avoiding any increased traffic on Main Street that might trigger an unpopular widening of that street. The existing traffic count on Main Street is approximately 2,375 vehicles per day. This load would increase to 5,800 vehicles per day for the Transit Village and 6,500 for the New Town. The existing two lane road has more than adequate capacity to serve these proposed new levels. However, the offsite improvements suggested in each plan assumes that the internal road system is designed to direct most of the Site traffic out the west side access.

F. ONSITE INFRASTRUCTURE, OFFSITE UTILITIES

We analyzed the availability and cost of off-site water, sewer, electricity, natural gas, telephone, and cable, as well as the cost to construct the on-site infrastructure for each of the alternatives.

1. Off-Site Utilities: All off-site utilities have sufficient capacity to serve the redevelopment. For electricity, natural gas, telephone, and cable, the off-site costs will be minimal. Water will have the most costly off-site improvements, with up to \$4 million to participate in a new reservoir for the water utility. Sewer will require up to \$2 million for a supplemental lift station to deliver sewage to the sewer utility.

a. The existing allocation of water is sufficient to serve all the alternatives. Additional allocation is available if needed at a cost of \$8,500 per residential unit, with additional fees for the office and retail space. The allocations are a project expense and only provide an entitlement to install hook-ups and purchase water. The existing prison-owned water reservoir does not meet the standards of the Marin Municipal Water District (MMWD), thereby mandating a new facility. MMWD has purchased a site for the new facility, but does not have a schedule for its development. Half of the new reservoir might be allocated to the redevelopment. It is assumed that all of the alternatives would also require a project cost for upsizing the existing water mains between the reservoir and the site. This cost would increase with the density of the alternatives.

b. The Transit Village and New Town will require a new sewer lift station to work in parallel with the existing station, except for the Residential Community.

c. PG&E has determined that the capacity of the electrical system serving the site is adequate for all of the alternatives. Therefore, no costs are assigned to off-site improvements.

d. PG&E has confirmed that no offsite gas improvements will be necessary to serve the Site other than to build a 700 foot line on the north side of I-580. By installing that line, the main feed into the Site from the west can be severed for the development of the Site; San Quentin Village will continue to receive its gas from the new line. This will also have the benefit of providing gas to the Site from the east and west ends if necessary.

e. All of the alternatives would require a new telephone trunk line into the site. Pacific Bell would be solely responsible for the cost of this line.

f. All of the alternatives require new cable facilities, for which AT&T would pay the cost.

2. On-Site Infrastructure: Using typical regional unit costs and assumptions about the improvements required for the planning alternatives, construction costs were estimated in a range from \$14.6 million to \$77.6 million.

Combining these onsite and offsite infrastructure costs with allowances for fees and contingencies, the total infrastructure costs are estimated to be:

Residential Community	\$24,346,000
Transit Village	\$55,596,000
New Town	\$100,055,000

G. ECONOMIC ANALYSIS AND OPPORTUNITY

The following table presents the results of the financial analysis of the three alternatives. The estimated ranges of net residual land values presented in the table reflect a range of lower and higher sales prices for the new residential prototype products included in each alternative. While the market study suggests that current sales prices for well-located, high-end residential products are likely to be at the higher end of the range, the large scale of the reuse development suggest potentially lower sales prices in order to achieve faster absorption.

By a large margin, the Residential Community generates the lowest net residual land value range of \$129.1 million to \$205.3 million. This equates to a range of net residual values per square foot of land of \$16 to \$26.

The range of net residual land values for the Transit Village is estimated to be approximately 177 percent to 182 percent higher than for the Residential Community. The Transit Village is estimated to generate a net residual land value of \$364 million to \$568 million, or \$46 to \$72 per square foot of land area.

The New Town is estimated to generate a range of net residual land values of 224 percent to 226 percent higher than the Residential Community and about 16 percent to 17 percent higher than the estimated range of value of the Transit Village. The net residual land value for the New Town is estimated to range from \$421 million to \$664.3 million. This equates to a range of \$53 to \$84 per square foot of land area.

Although the value differential between the Transit Village and New Town is not nearly as great as between the Transit Village and Residential Community, the New Town scenario does allow for the reuse of more historic buildings.

Estimated Ranges of Net Residual Land Values^{1 2 3}			
	Alternative 1: Residential Community \$	Alternative 2: Transit Village \$	Alternative 3: New Town \$
Net Residual Land Value	Low: 129,100,000 High: 205,300,000	Low: 364,000,000 High: 567,800,000	Low: 420,900,000 High: 664,300,000
Total Land Value Per Square Foot of Building Space	92 - 147	117 - 183	87 - 142
Total Land Value Per Square Foot	16 - 26	46 - 72	53 - 84
¹ Figures are rounded.			
² After Deducting for Remediation, Demolition, Infrastructure, Affordable Housing and Developer's General and Administration, Risks, Carrying Costs and Profit.			
³ Costs associated with museum are excluded.			

Sources: Gast Hillmer Urban Design; Lee Saylor Associates; CSW/Stuber-Stroeh Engineering Group, Inc.; ENVIRON; Gruen Gruen + Associates

Section V: Economics of Reusing San Quentin

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Economics

A. INTRODUCTION

This preliminary financial analysis estimates the net residual land value of the three development alternatives for the reuse of San Quentin. “Net residual land value,” is an estimate of the amount a developer could afford to pay for the land, given a set of cost and revenue forecasts and equity and debt parameters that are estimated to be associated with the implementation of the identified development alternatives. Costs considered in the financial analysis relate to the costs of (1) preparing the Site for development, including environmental remediation, demolition, and infrastructure; (2) creating or reusing various types of building space; and (3) administering, marketing and operating the building space in each development alternative. In addition, the analysis also considers the costs of providing affordable housing in accordance with the objectives of the State and Marin Countywide Plan. The Appendix to Reuse Analysis includes a report describing the methodology used to estimate the costs of providing affordable housing. Given the inherent difficulty of ascertaining the timing of the reuse of San Quentin, and the preliminary nature of the postulated alternatives, we estimated a range of obtainable sales prices for new residential space prototypes associated with each alternative.

The development alternatives are described in terms of development envelopes or packages of potential space that could be developed to serve a variety of demands or preferences for residential, office and retail space.

This analysis incorporates estimated costs of demolition, environmental remediation, affordable housing, and infrastructure development, as well as costs to develop or convert existing space to serve museum, residential, office and retail uses associated with the three alternatives.

Through market research, we estimated obtainable rents and sale prices for the identified uses. In addition, we interviewed a mortgage banker and reviewed relevant capital markets data to estimate equity and debt parameters. The estimates reflect prevailing space and capital market conditions. The results described below present a perspective for evaluation rather than a cardinal array of hard forecasts. The results are limited by the development potential, market, financial and other underlying assumptions, based on current conditions.

B. DESCRIPTION OF ALTERNATIVES

Table 1 describes the alternatives in terms of the land uses and product type. The Residential Community would result in the development of 411 new dwelling units averaging 2,250 square foot per unit for a total of nearly 925,000 square feet of residential space, the conversion of upper level existing space to accommodate an additional 75 dwelling units totaling approximately 100,000 gross square feet (an average of 1,333 square feet of gross space or 1,000 square feet of living per unit) and the preservation of 20 existing

houses averaging 2,000 square feet each for a total of 40,000 square feet. Of the 506 residential units, 76 would be designated as affordable. Under this first alternative, existing space would be converted to 20,000 square feet of retail space, 305,000 square feet of office space and a 2,500 square-foot museum. The Residential Community would entail the development of approximately 1,392,000 square feet on approximately 182 acres of land.

The Transit Village would result in the development of a variety of new dwelling units totaling approximately 2,825,000 square feet. These 2,097 units would range in size from 1,000 square feet to 2,750 square feet. Of these units, 315 would be designated as affordable. Under this second alternative, existing space would be converted into approximately 35,000 square feet of retail uses and 73,000 square feet of office uses. An additional 177,000 square feet of new office space would also be created. The Transit Village would entail the development of approximately 3,113,000 square feet of space on approximately 182 acres of land.

The New Town would result in the development of 3,585 dwelling units, including the conversion of existing space into 67 housing units. These units would range in size from 1,000 square feet to 2,750 square feet and total almost 4,300,000 square feet of residential space. Of these units, 538 would be designated as affordable. In addition, under this third alternative, existing space would be converted into approximately 47,500 square feet of retail uses and 87,500 square feet of office uses. Approximately 381,000 square feet of new office space and 27,500 square feet of new retail space would be created. The New Town would entail the development of approximately 4,831,000 square feet on approximately 182 acres of land.

TABLE 1 Description of Alternatives			
Land Use/Prototype	Alternative 1 Residential Community	Alternative 2 Transit Village	Alternative 3 New Town
Residential A	411 units at 2,250 sf per unit for total of 924,750 sf	47 units at 2,250 sf per unit for total of 105,750 sf	128 units at 2,250 per unit for total of 288,000 sf
Residential B		341 units, half at 2,000 sf per unit, half at 750 sf per unit, for total of 468,700 sf	96 units, half at 2,000 per unit, half at 750 per unit, for total of 132,000 sf
Residential C		177 units at 1,800 sf per unit for total of 318,600 sf	74 units at 1,800 sf per unit for total of 133,200 sf
Residential D		663 units at 1,500 sf per unit for total of 994,500 sf	346 units at 1,500 sf per unit for total of 519,000 sf
Residential E		267 units at 1,200 sf per unit for total of 320,400 sf	616 units at 1,200 sf per unit for total of 739,200 sf
Residential F		122 units at 1,000 sf per unit for total of 122,000 sf	542 units at 1,000 sf per unit for total of 542,000 sf
Residential G		90 units at 1,200 per unit for total of 108,000 sf	641 units at 1,200 sf per unit for total of 769,200 sf
Residential H		390 units at 1,000 sf for total of 390,000 sf	1,075 units at 1,000 sf per unit for total of 1,075,000
New Office		177,000 sf	381,300 sf
New Retail			27,500 sf
Upper Level Historical Residential	75 units at 1,333 gross sf for total of 100,000 sf		67 units at 1,343 gross sf per unit for total of 90,000 sf
Historical Houses	20 houses at 2,000 sf for total of 40,000 sf		
Historical Retail	20,000 sf	35,000 sf	47,500
Historical Office	305,000 sf	73,000 sf	87,500
Museum	2,500 sf		
Total in Square Feet	1,392,250	3,112,950	4,831,400
Developable Area in Acres	181.60	181.60	181.60
Developable Area in Square Feet	7,910,496	7,910,496	7,910,496

Sources: Gast Hillmer Urban Design; Gruen Gruen + Associates

C. FINANCIAL ANALYSIS OF ALTERNATIVES

Table 2 presents the results of the financial analysis of the three alternatives summarized above. The estimated ranges of net residual land values presented on Table 2 reflect a range of lower and higher sales prices for the new residential prototype products included in each alternative. While the market study suggests that current sales prices for well-located, high-end residential products are likely to be at the higher end of the range, the large scale of the reuse development suggest potentially lower sales prices in order to achieve faster absorption. By a large margin, the Residential Community generates the lowest net residual land value range of \$129.1 million to \$205.3 million. This equates to a range of net residual values per square foot of land of \$16 to \$26. The range of net residual land values for the Transit Village are estimated to be approximately 177 percent to 182 percent higher than the Residential Community. The Transit Village is estimated to generate a net residual land value of \$364.2 million to \$568 million, or \$46 to \$72 per square foot of land area. The New Town is estimated to generate a range of net residual land values of 224 percent to 226 percent higher than the estimated range of value of the Residential Community and about 16 percent to 17 percent higher than the estimated range of value of the Transit Village. The net residual land value for the New Town is estimated to range from \$420.9 million to \$664.3 million. This equates to a range of \$53 to \$84 per square foot of land area. Although the value differential between the Transit Village and the New Town is not nearly as great as between the Transit Village and the Residential Community, the New Town does allow for the reuse of more historic buildings.

TABLE 2 Estimates of Range of Net Residual Land Values ^{1 2 3}			
	Alternative 1 \$	Alternative 2 \$	Alternative 3 \$
Net Residual Land Value	Low: 129,100,000 High: 205,300,000	Low: 364,200,000 High: 568,000,000	Low: 420,900,000 High: 664,300,000
Total Land Value Per Square Foot of Building Space	92 - 147	117 - 183	87 - 137
Total Land Value Per Square Foot	16 - 26	46 - 72	53 - 84
¹ Figures are rounded.			
² After Deducting for Remediation, Demolition, Infrastructure, Affordable Housing and Developer's General and Administration, Risks, Carrying Costs and Profit.			
³ Costs associated with museum are excluded.			

Sources: Gast Hillmer Urban Design; Lee Saylor Associates; CSW/Stuber-Stroeh Engineering Group, Inc.; ENVIRON; Gruen Gruen + Associates

D. ESTIMATED GROSS CONTRIBUTION TO LAND VALUE PER SQUARE FOOT OF PROTOTYPE OR LAND USE AND ANALYSIS OF NET RESIDUAL LAND VALUE ESTIMATES, ASSUMING A RANGE OF SALES PRICES

This section presents the estimated gross contribution to land value per square foot of prototype or land use and an analysis of the net residual land value estimates for the

alternatives. First a lower range and then a higher range of sales prices are analyzed for the development of new housing products. Local realtors provided a time series of rents and prices for real estate in the major sub-markets of the county. This data was supplemented by interviews with builders, developers and others who are familiar with market demands in the county. This research was synthesized into a matrix of values and prices summarized in Table 3, which is used for the financial analysis that follows.

Table 3 Matrix of Values/Prices Used in San Quentin Feasibility Analysis						
Use Type		Size Range in Sq. Ft.	Rental Range/ Sales Price Per Sq. Ft.	Land Value	Per Sq. Ft. Construction Cost	Other Costs, i.e. Operating/HOA Monthly Fees
Office ¹		2,000 - 10,000	\$4.00 - \$5.50	\$30 - \$40 per FAR sq. ft.	\$200 to \$250 per sq. ft.	\$1.00 per sq. ft. operating costs
Retail ²				\$20 to \$24 per FAR sq. ft.		
Hotel ²				\$18 to \$22 per FAR sq. ft.		
Residential: ³						
	Single Family Detached (3 DU/gross acre)	2,000 - 4,500	\$400 - \$700 per sq. ft.			\$500 HOA
	Townhomes (12-16 DU/gross acre)	1,500 - 2,500	\$500 - \$800 per sq. ft.			\$500 HOA
	Mid to High Rise (25-30 DU/gross acre)	1,000 - 1,200	\$500 - \$800 per sq. ft.			\$500 HOA
Rental Units: ⁴						
	1 bdrm/1 bath	750	\$2.00 - \$2.50 per sq. ft.			
	2 bdrm/1 bath	850	\$2.00 - \$2.50 per sq. ft.			
	2 bdrm/2 bath	1,000	\$1.85 - \$2.50 per sq. ft.			

¹ Office estimates were provided by interviews with Ralph Cole, Founding Partner of Orion Partners; Frank Alexander, Vice President of Speiker Properties, and Todd Wright, New Hamilton Partnership.

² Retail and hotel rents, Todd Wright, New Hamilton Partnership.

³ Residential for-sale estimates, Margaret Deedy, Coldwell Banker, Sheila Mahoney, sales representative for DeSilva Island, and assessor data provided by Marin Association of Realtors.

⁴ Rental estimates derived from June 1, 2000, San Rafael multi-family unit market survey prepared by Daniel Engelstad for projects built 1990 onwards.

Source: Gruen Gruen + Associates

Estimated Gross Contribution to Land Per Square Foot of Prototype, Assuming Lower Range of Sales Prices

Table 4 presents the estimated gross contribution to land value per square foot of prototype or land use, assuming a lower range of sales prices for new residential products. “Gross Contribution to Land Value Per Square Foot” is the value that a single square foot of a land use or product prototype contributes to the value of a square foot of land before considering the costs of: (1) site preparation (such as demolition, environmental remediation, and infrastructure costs); (2) the costs of providing affordable housing; (3) developer’s general and administration and carrying costs, risk and profit; and (4) the cost of the land itself.

The first column of Table 4 identifies the product prototype or land use included in various alternatives. The second column identifies whether the product prototype or land use is expected to be made available for lease or for sale. All residential prototypes, other than “Residential F,” are assumed to be for-sale products. All of the office and retail space is assumed to be for lease. The third column shows the estimated adjusted annual net rent or sales price per square foot for each prototype or land use. “Adjusted Net Rent” is the estimate of the annual gross rent less estimated operating costs, assuming a 95 percent occupancy rate for the rental space. The for-sale product sales price estimate reflects an absorption rate of 100 percent. For both the for-sale product and for-lease product, the estimates presented in the adjusted rent or sales price column assumes a 100 percent net to gross efficiency, or the absence of a loss factor. The lower range of sales prices are estimated at \$400 per square foot to \$450 per square foot of residential space. Residential products to be converted from existing space are estimated to sell for approximately \$387 per square foot, or at a 25 percent discount. The gross rents for new retail and office space are estimated to be 25 percent higher than the estimated gross rents for existing space converted to retail and office uses. This discount reflects the projected class of office, retail and residential space that can be made available with the development costs included in the economic model (which are still higher than for new construction).

TABLE 4 Estimated Gross Contribution to Land Value Per Square Foot of Prototype, Assuming Lower Range of Sales Prices ¹					
Prototype/ Land Use	Type of Product: For-Sale or Lease	Adjusted Annual Net Rent or Sales Price \$Per Square Foot ²	Total Construction Costs Including Financing \$Per Square Foot ³	Annual Loan Payment for Lease Prototypes \$Per Square Foot ⁴	Gross Contribution to Land \$Per Square Foot ⁵
Residential A	Sale	450.00	184.79		265.21
Residential B	Sale	400.00	198.48		201.52
Residential C	Sale	450.00	205.32		244.68
Residential D	Sale	450.00	219.01		230.99
Residential E	Sale	450.00	239.54		210.46
Residential F	Lease	29.71	253.23	18.63	11.08
Residential G	Sale	450.00	273.76		176.24
Residential H	Sale	450.00	273.76		176.24
New Retail	Lease	23.78	205.32	15.39	8.38
Historical ⁶ Retail	Lease	15.80	221.25	18.16	-6.78
New Office	Lease	43.85	164.26	12.31	31.54
Historical Office ⁶	Lease	30.31	324.41	24.32	7.74
Historical Upper Level Residential ⁶	Sale	387.50	363.03		24.47 - Gross 18.35 - Alt 1 18.11 - Alt 3
Historical Houses ⁶	Sale	387.50	316.19		71.31
Museum		-8.57	316.19	23.71	-32.28

Table 4 Cont.

Notes to Table 4:

¹ Before land, demolition, remediation and infrastructure costs, affordable housing costs, and developer's general and administration, risk, carrying costs and profit, assuming sale or lease-up immediately after one year construction period.

² Gross rent or sales price less operating costs, multiplied by 100 percent absorption for for-sale product, or 95 percent absorption or occupancy for for-lease product.

³ Includes hard costs, soft costs @ 25 percent of hard costs plus, construction loan financing for one year at 8.42 percent interest rate and one point (percent) construction loan fee.

⁴ Reflects annual payment of permanent loan, assuming 25 percent equity, 20 year term and interest rate of 7.5 percent for residential prototypes and 7.75 percent for non-residential uses.

⁵ For-sale product - sales price per square foot less total construction costs per square foot; for-lease product - adjusted net rent per square foot less loan payment per square foot.

⁶ Reflects 25 percent discount to value for new space. For upper level historical reuse prototype, the gross contribution to land value per square foot was discounted by 25 percent for the Residential Community and by 26 percent for the New Town to reflect estimated loss factors of 25 percent and 26 percent, respectively, to match the estimated unit sizes for which revenues would be realized.

Sources: Gast Hillmer Urban Design; Lee Saylor Associates; ENVIRON, CSW/Stuber-Stroeh Engineering Group, Inc.; Gruen Gruen + Associates

The fourth column of Table 4 shows the estimate of total construction costs, including financing costs for each prototype or land use. The hard costs are drawn from data provided by Lee Saylor Associates. For each prototype, we assume soft costs equal to 25 percent of hard costs. The estimates also reflect construction loan financing equal to 75 percent of project costs and a 25 percent equity investment. The term of construction is assumed to be one year. Given prevailing capital market conditions, the interest rate is estimated to approximate 8.42 percent with a construction loan fee of one point or one percent. The costs to convert existing space to museum, residential, retail and office space are higher than the costs to develop new residential and commercial space. The next column, "Annual Loan Payment for Lease Prototypes" shows the estimated annual loan payments per square foot assuming a permanent loan is taken out to retire the construction loan. The term of the permanent loan is assumed to be 20 years. The annual interest rate for the residential product is estimated at 7.5 percent, while the interest rate for museum, retail and office uses is estimated at 7.75 percent. The permanent loan estimates reflect an assumption of a 25 percent equity investment.

The far right-hand column shows the estimated gross contribution to land per square foot for each prototype or land use. The gross value for the for-sale products is derived by subtracting the estimated total construction costs from the estimated sale price. The gross value for the for-lease products is derived by subtracting the annual loan payment from the net rent. For the upper level residential prototype to be created from the conversion of existing space, we have discounted the gross value to reflect the loss factor estimates for this product under the Residential Community and New Town alternatives. This permits matching the per square foot sales price estimate to the square footage of living space for the units, while matching the construction estimates to the total amount of building space.

Assuming a lower range of sales prices, new for-sale residential products are estimated to contribute to land value from \$176 per square to \$265 per square foot. For-sale residential products created from the conversion of existing space are estimated to yield substantially lower values than new space, even without assuming a lower range of sales prices for this type of product. The gross per square foot value contribution for the for-sale reuse residential products is estimated to range from \$18 per square foot to \$71 per square foot. The for-lease residential F prototype is estimated to generate a gross contribution of land value of approximately \$11 per square foot.

New office space is estimated to generate more than four times the value of existing space converted to office uses: \$31.54 per square foot versus \$7.74 per square foot. As a result, the discounted values reflected in the reuse of the buildings is based on the class of office, retail, or residential space that can be provided for the amount of development costs projected for such space. It is beyond the scope of this report to determine whether existing space can be converted so its comparable to new development at any price. But it is safe to say at this point that, at a minimum, the cost of providing a comparable class of space would be significantly more than a new building. This report does not attempt to determine how much it would cost to reach this objective. Rather, a reasonable cost estimate was made (still higher than new construction) to provide basic, marketable space, as opposed to the higher class space that is provided with the cost estimate for the new space.

As a result, while the new retail space is estimated to generate a land contribution of over \$8 per square foot, the retail reuse space is estimated to generate a negative contribution of nearly -\$7 per square foot. A negative per square foot value (before deductions for site preparation and other costs) suggests infeasibility of that land use or product option.

We lack sufficient information to estimate a lease or sale value of the museum, but assume that like most museums, it would require contributions or subsidies to be built and operated, and would not constitute a revenue-generating use.

Estimates of Net Residual Value, Assuming Lower Range of Sales Prices

Table 5 presents estimates of the net residual land value for each alternative, assuming the lower range of sales prices for new products. The first row, “Gross Residual Market Land Value,” shows the results of multiplying the gross contribution to land value per square foot figures reviewed in the preceding section by the amount of space of each land use or prototype included in the three alternatives (as reviewed above in Table 1 and accompanying text). The gross residual values for the alternatives are estimated to range from \$248.9 million for the Residential Community to nearly \$756 million for the New Town. In order to estimate the net residual land value for each alternative, the costs of implementing the development alternatives must be deducted. The next four rows present estimates of the primary cost elements. The first cost element relates to the developer’s general and administration costs, risks and carrying costs and profit. This cost is estimated as a function of gross residual land value and has been increased from 20 percent for the Residential Community, to 22 percent for the Transit Village, to 25 percent for the New

Town. This increase in the proportion of developer costs of gross residual value reflects the likelihood of a longer absorption period and greater risks and the requirement of higher levels of financial, managerial and other entrepreneurial resources as the scale of the development increases. The next three cost elements relate to preparing the property for reuse and cover demolition, environmental remediation and infrastructure costs. The costs of site preparation under the three alternatives are estimated to range from \$65.8 million for the Residential Community to \$128.5 million for the New Town. Affordable housing costs to the State are estimated to range from approximately \$4.3 million in the Residential Community to \$17.6 million for the New Town. Total development costs range from an estimated \$129.1 million for the Residential Community to approximately \$420.9 million for the New Town.

TABLE 5
Estimates of Net Residual Land Value, Assuming Lower Range of Sales Prices ^{1,2}

	Alternative 1	Alternative 2	Alternative 3
Gross Residual Market Land Value	\$248,900,000	\$592,500,000	\$756,000,000
Developer's General and Administration, Risks, Carrying Costs and Profit @ 20% (for Alt. 1), 22% (for Alt. 2), and 25% (for Alt. 3) of Gross Residual Market Land Value	49,800,000	130,300,000	189,000,000
Demolition Costs	22,600,000	25,100,000	23,500,000
Remediation Costs	18,800,000	4,900,000	4,900,000
Infrastructure Costs	24,300,000	55,600,000	100,100,000
Affordable Housing Costs	4,300,000	12,500,000	17,600,000
Total Costs	119,800,000	228,500,000	335,100,000
Net Residual Land Value	129,100,000	364,200,000	420,900,000
Total Land Value Per Square Foot of Building Space	92	117	87
Total Land Value Per Square Foot	16	46	53
¹ Figures are rounded.			
² After deducting for developer's general and administration, risks, and carrying costs and profit, demolition costs, remediation costs, infrastructure costs, and affordable housing costs.			

Sources: Gast Hillmer Urban Design; Lee Saylor Associates; CSW/Stuber-Stroeh Engineering Group, Inc.; ENVIRON; Gruen Gruen + Associates

As summarized in Table 2 and the accompanying text, assuming the lower range of sales prices, deducting the estimated total costs from the estimated gross residual land value for each alternative produces an estimate of the net residual land value as follows:

Alternative Net Residual Land Value in Total Dollars
and Per Square Foot of Developable Area

Alternative 1 \$129.1 million or \$16 per square foot
Alternative 2 \$364.2 million or \$46 per square foot
Alternative 3 \$420.9 million or \$53 per square foot

The Residential Community, which entails the least amount of new space development and the highest proportion of conversion of existing space to alternative uses of the total space built, produces the least amount of land value creation. The New Town, which entails the highest level of mixed-use development, the development of the most space and the lowest proportion of converted space to total space, generates the highest net land value. While beyond the scope of this analysis, it is reasonable to hypothesize that the higher the net residual land value, the greater the economic impacts in terms of jobs and income, and the greater the fiscal revenues in terms of property and sales taxes and other public taxes.

*Estimated Gross Contribution to Land Per Square
Foot of Prototype, Assuming Higher Range of Sales Prices*

Table 6 presents estimates of the net residual land value for each alternative, assuming the higher range of sales prices for new products. Table 6 is the same as Table 4 reviewed above, except that the sales price estimates for the new, for-sale residential products (prototypes A, B, C, D, E, G and H) are \$100 per square foot higher than the prices for those products presented in Table 4. As a result, the gross contribution to land value per square foot of these prototypes increases by \$100 each. Accordingly, the higher range of sales prices are estimated at \$500-550 per square foot of residential space. Assuming a higher range of sales prices, new for-sale residential products are estimated to contribute to land value from \$276 per square to \$365 per square foot.

TABLE 6 Estimated Gross Contribution to Land Value Per Square Foot of Prototype, Assuming Higher Range of Sales Prices ¹					
Prototype/ Land Use	Type of Product: For-Sale or Lease	Adjusted Annual Net Rent or Sales Price \$Per Square Foot ²	Total Construction Costs Including Financing \$Per Square Foot ³	Annual Loan Payment for Lease Prototypes \$Per Square Foot ⁴	Gross Contribution to Land \$Per Square Foot ⁵
Residential A	Sale	550.00	184.79		365.21
Residential B	Sale	500.00	198.48		301.52
Residential C	Sale	550.00	205.32		344.68
Residential D	Sale	550.00	219.01		330.99
Residential E	Sale	550.00	239.54		310.46
Residential F	Lease	29.71	253.23	18.63	11.08
Residential G	Sale	550.00	273.76		276.24
Residential H	Sale	550.00	273.76		276.24
New Retail	Lease	23.78	205.32	15.39	8.38
Historical ⁶ Retail	Lease	15.80	242.28	18.16	-2.37
New Office	Lease	43.85	164.26	12.31	31.54
Historical Office ⁶	Lease	30.31	324.41	24.32	5.99
Historical Upper Level Residential ⁶	Sale	387.50	363.03		24.47 -gross 18.35 - Alt 1 18.11 - Alt 3
Historical ⁶ Houses	Sale	387.50	316.19		71.31
Museum		-8.57	316.19	23.71	-32.28

TABLE 6 Cont.

Notes to Table 6:

¹ Before land, demolition, remediation and infrastructure costs, affordable housing costs, and developer's administration, risk, carrying costs and profit, assuming sale or lease-up immediately after one year construction period.

² Gross rent or sales price less operating costs, multiplied by 100 percent absorption for for-sale product, or 95 percent absorption or occupancy for for-lease product.

³ Includes hard costs, soft costs @ 25 percent of hard costs plus, construction loan financing for one year at 8.42 percent interest rate and one point (percent) construction loan fee.

⁴ Reflects annual payment of permanent loan, assuming 25 percent equity, 20 year term and interest rate of 7.5 percent for residential prototypes and 7.75 percent for non-residential uses.

⁵ For-sale product - sales price per square foot less total construction costs per square foot; for-lease product - adjusted net rent per square foot less loan payment per square foot.

⁶ Reflects assumption of 25 percent discount to value for new space. For upper level historical reuse prototype, the gross contribution to land value per square foot was discounted by 25 percent for the Residential Community and by 26 percent for the New Town to reflect estimated loss factors of 25 percent and 26 percent respectively, to match the estimated unit sizes for which revenues would be realized.

Sources: Gast Hillmer Urban Design; Lee Saylor Associates; ENVIRON, CSW/Stuber-Stroeh Engineering Group, Inc., Gruen Gruen + Associates

Estimates of Net Residual Value, Assuming Higher Range of Sales Prices

Table 7 presents estimates of the net residual land value for each alternative, assuming the higher range of sales prices for new products. Table 7 is the same as Table 5, except that the estimated gross residual market land values of the three alternatives are higher than those presented in Table 5, which reflected the assumption of a lower range of sales prices. The gross residual market land values of the three alternatives range from \$344.1 million for the Residential Community to \$1.1 billion for the New Town. Relative to the gross residual market land value estimates presented in Table 5, the gross residual market land value presented in Table 7 is \$95.2 million higher for the Residential Community, \$270.6 million higher for the Transit Village, and \$344 million higher for the New Town. The widening of the margins is primarily a function of the greater amount of new for-sale residential space associated with the alternatives.

The developer's cost element also increases as the result of the increase in gross residual land value, assuming a higher range of sales prices. Therefore, total costs are estimated to increase accordingly. The cost increase, however, is more than offset by the greater revenue produced, assuming a higher range of sales prices. Much of the sales increase flows to the "bottom line."

TABLE 7 Estimates of Net Residual Land Value, Assuming Higher Range of Sales Prices^{1, 2}			
	Alternative 1	Alternative 2	Alternative 3
Gross Residual Market Land Value	\$344,100,000	\$863,000,000	\$1,100,000,000
Developer's General and Administration, Risks, and Carrying Costs and Profit @ 20% (for Alt. 1), 22% (for Alt. 2), and 25% (for Alt. 3) of Gross Residual Land Value	68,800,000	189,900,000	280,300,000
Demolition Costs	22,600,000	25,100,000	23,500,000
Remediation Costs	18,800,000	4,900,000	4,900,000
Infrastructure Costs	24,300,000	55,600,000	100,100,000
Affordable Housing Costs	4,300,000	19,700,000	26,900,000
Total Costs	138,800,000	295,200,000	435,700,000
Net Residual Land Value	205,300,000	568,000,000	664,300,000
Total Land Value Per Square Foot of Building Space	147	183	137
Total Land Value Per Square Foot	26	72	84
¹ Figures are rounded.			
² After deducting for developer's general and administration, risks, and carrying costs and profit, demolition costs, remediation costs, infrastructure and affordable housing costs.			

Sources: Gast Hillmer Urban Design; Lee Saylor Associates; CSW/Stuber-Stroeh Engineering Group, Inc.; ENVIRON; Gruen Gruen + Associates

The estimated gross residual market land value for each alternative, assuming a higher range of sales prices, produces an estimate of the net residual land value as follows:

Alternative Net Residual Land Value in Total Dollars
and Per Square Foot of Developable Area

Alternative 1 \$205.3 million or \$26 per square foot
Alternative 2 \$568.0 million or \$72 per square foot
Alternative 3 \$664.3 million or \$84 per square foot

Under the higher range of sales price assumption, the net residual land value of the Residential Community is approximately 59 percent higher, or \$86.2 million more than the estimate assuming a lower range of sales prices. The net residual land value for the Transit Village is approximately 56 percent higher or \$203.8 million more than the estimate assuming a lower range of sales prices. The net residual land value for the New Town is approximately 58 percent higher or \$243.4 million more than the estimate using a lower range of sales prices.

Section VI: Next Steps of Reuse Planning

A. PREFERRED REUSE PLAN	VI-1
Refinement of Analysis	VI-1
Entitlement Audit	VI-2
B. TIERED PLANNING AND EIR PROCESSING	VI-4
C. SEQUENCE AND TIMING	VI-5

Next Steps

This section describes the basic steps needed to maximize the Site's value and meet other State interests by developing a feasible land use plan that can be approved by the County.

It is important to re-emphasize that the County has authority over land use approvals affecting non-State uses of the Site. It is beyond the purpose of this report to specify, and likely premature for the County to commit to, the exact planning and entitlement process that the County would use. However, the County is initiating an update to its Countywide Plan (hereinafter, "Plan"), which is expected to include changes to the land use objectives and designations of the Site, along with property within the rest of the county. The County is currently organizing working groups, which are scheduled to begin developing new policy objectives and strategies this summer. It is anticipated that formal community input will begin next year. The working groups are scheduled to complete "Vision and Strategy Summaries" in June of next year.

There are two related effects of the Plan update. First, the Plan update offers the State and County an excellent opportunity to work together on the future use of the Site in the event it is sold for non-State purposes. Second, the changes that result from the Plan update are likely to have a significant effect on the value of the Site. Since the Plan update is proceeding regardless of what the State decides to do with the property, the State ought to take as active and early a role as possible in the County's current process. The new objectives and land use designations for the Site that will result from the Plan update may be difficult, though not impossible, to change if the Site is sold and reused anytime in the near future.

While the exact planning and entitlement process regarding the Site is not yet known, the Plan update will serve as the most likely forum to begin the reuse process from the County's point of view. This section suggests the steps to take in the next few years in light of the Plan update and previous successes by the Team and Department in other locations.

The most immediate step is to work with the County in developing a feasible plan that is consistent with the vision and strategies that the working groups are developing over the next twelve months. That step will require two related tasks: refine the analysis and alternatives presented in this report, and conduct an entitlement audit that begins to engage as many of the critical stakeholders as possible.

A. DEVELOP PREFERRED REUSE PLAN

1. Refinement of Analysis

The information contained in this report will need to be refined to develop a feasible master plan that can proceed through the County's environmental and land use approval process. Those refinements can be summarized as follows:

Planning – Work with Marin County, the Plan working groups, adjacent local governments, San Quentin Village, BCDC, and other community stakeholders to develop preferred master plan.

Infrastructure – Refine onsite development costs, particularly for grading, roads, storm drainage, and conventional and alternative utility (e.g. water and power) systems. Survey the Site in order to resolve the current discrepancies in acreage and determine more definitively the property boundaries.

Historic Resources Inventory – Prepare a complete historic inventory of all the buildings, which is necessary to determine possible impacts due to development. Begin working with SHPO in developing the standards and implementing policies related to preservation and reuse of the most significant buildings.

Adaptive Reuse – The feasible reuse of some of the historic buildings will be a critical component of the actual value and reuse potential of the Site. This work will entail a focused effort on identifying the most feasible reuses for as many of the historic buildings as practical.

Economic – Refine the economic model used in this report and measure the feasibility of proposed new inputs (e.g. historic reuse, school, day care, alternative energy and water systems, variations in densities and product types, etc.) from interested stakeholders. Refining this information, and the costs associated with the items described above, is necessary to ensure that the preferred plan is economically feasible and prudent.

Hazardous Materials – Perform testing and collect data from impacted areas identified in this report. Develop information to complete a Phase II study. Although this information does not become critical until an EIR is prepared and the property is sold, it would provide more certainty about the projected value of the Site during the early planning process.

2. Entitlement Audit

The potential reuse of this property is likely to create significant interest from a variety of parties. It is imperative to work closely with the County to develop and implement a successful outreach program that provides a meaningful way for individuals, local and regional agencies, and public interest groups to provide constructive input towards a preferred plan. This outreach effort must be successful at developing a general consensus among stakeholders for a plan preferred by political and community leaders that also meets the State's objectives and interests.

The Team contacted three of the most critical public agencies regarding this Site: the State Historic Preservation Officer (SHPO), Marin County, and the Bay Conservation and Development Commission (BCDC). Each of these agencies will play a significant role in developing a reuse plan. SHPO will provide direction regarding the historically significant

buildings that need to be preserved and reused. The legislation authorizing this report directs the Department to work with the County, which will be the lead agency in the entitlement process. And the BCDC will regulate any development along the shoreline, including a new ferry terminal, which is an early and important priority of the County.

The following is a list of public and private organizations that would also be part of this process. Like the other sections of this report, this list is preliminary and will expand if the project proceeds further.

Public

1. City of Larkspur, who's sphere of influence includes the site
2. City of San Rafael, which has policies regarding its views of the site
3. City of Corte Madera
4. Tam Union High School District
5. Marin Council of Agencies
6. Marin County Housing Authority
7. Marin County Transit District
8. Ross Valley Sanitary District #1, which currently services the site
9. Central Marin Sanitation Agency
10. Marin Municipal Water District
11. Metropolitan Transportation Commission
12. Bay Transportation Authority
13. Golden Gate Transportation District, which owns the existing ferry terminal in Larkspur and operates the ferry and bus lines
14. The State Coastal Conservancy, which works to preserve, protect and restore the resources of the San Francisco Bay and the California Coast.
15. The Association of Bay Area Governments (ABAG), established in 1961 to protect local control, plan for the future, and promote cooperation on areawide issues.
16. Department of General Services, which would be responsible for disposing of the site in a manner that maximizes the return to the State
17. The California Department of Fish and Game, the state agency that has expertise in protecting the fish and wildlife which use the Bay.
18. The California Regional Water Quality Control Board, San Francisco Bay Region, the branch of the state agency that oversees efforts to control pollution of Bay waters.
19. Caltrans, the State agency that builds and maintains Highways 101 and 580, which are within a half mile each of the site
20. The California State Lands Commission, the state agency that administers the public property interests in much of the land under the Bay.
21. State Historic Preservation Office (SHPO), which has jurisdiction over the preservation and use of State owned buildings are historically significant
22. The National Oceanic and Atmospheric Administration, which includes the Office of Ocean and Coastal Resource Management, the federal agency that administers the federal Coastal Zone Management Act, the National Ocean Service, which is

the principal federal advocate for coastal and ocean stewardship, and the National Marine Fisheries Service, which has expertise in the management of commercial fisheries.

23. The United States Army Corps of Engineers, San Francisco District, the federal agency that regulates dredging and filling in the Bay.
24. The United States Environmental Protection Agency, the federal government's principal natural resource protection agency.
25. The United States Fish and Wildlife Service, the federal agency with expertise in fish and wildlife protection.

Private

1. The Save San Francisco Bay Association seeks to preserve, restore and protect the San Francisco Bay and Sacramento/San Joaquin Delta Estuary.
2. The San Francisco Estuary Institute, a non-profit science organization dedicated to providing the scientific understanding needed to protect and enhance the Bay.
3. Environmental Forum of Marin
4. Marin Independent Journal
5. KCBS Newsradio 74
6. KGO TV Channel 7
7. KPIX Television Channel 5
8. NewsCenter 4
9. KQED Channel 9
10. San Francisco Examiner
11. San Francisco Chronicle
12. Marin Audubon Society
13. Marin Conservation League
14. Pt. San Quentin Village Association
15. Sierra Club

B. TIERED PLANNING AND EIR PROCESSING

Large projects, such as the type that would be required to redevelop San Quentin, often follow a tiered environmental review process under the California Environmental Quality Act (CEQA). A master plan is first developed along with a Master or Program Environmental Impact Report (EIR). This initial EIR is followed in later years with more specific project applications and EIR(s) once an actual and specific development project is submitted by the buyer(s)..

This tiered approach allows the State, prospective buyers, and the County an early opportunity to agree on relatively broad parameters for submitting project proposals in the future. The objective in this initial step is to develop a master land use plan and EIR that is specific enough to give prospective buyers and the County a reasonably good idea of what can and cannot be proposed, and flexible enough to accommodate modest changes in market demand and community interests.

There are no rules as to what is included in a master plan. Typically, however, such a plan includes planning areas that contain enough detail in terms of density, product type, etc. to be able to determine in the initial EIR the basic impacts and mitigations associated with the plan. Such a plan would also likely include a description of the phasing and capital improvement program necessary to build out the project.

The initial EIR would consider impacts that can be reasonably identified from the new land use program. The scope of this initial EIR would include the kind of future projects (e.g. mixed use, type of residential, transit center, etc), as well as their size, intensity, and location. It would not include the detail associated with an actual project. For example, such an EIR may be able to identify transportation impacts of the plan, but would be considerably less specific about things such as shadows and glares from buildings. The detail of the analysis will effect the extent that the Program or Master EIR can be used for future projects.

The Master EIR could be part of the EIR that the County will need to prepare for the Plan update. The County plans to prepare this EIR in time to begin public hearings in two years. This schedule assumes that a Draft Countywide Plan and Administrative Draft EIR are completed in the next two years, which is generally consistent with the schedule suggested for the State below.

Nothing that is proposed in this step would interfere with the indefinite operation of the prison or with the Legislature's discretion to determine what to do with the property. Much of the State's property, including San Quentin itself, is already zoned for uses other than its current public use. Such local zoning designations are not applicable to the State until the property is used for non-State purposes.

Projected values of the Site prior to an approved master plan and certified EIR are speculative. A Program or Master EIR would provide for substantially more certainty to interested buyers and therefore higher prices offered to the State. Depending on the land use plan approved by the County, the initial EIR could enhance the value of the Site by hundreds of millions of dollars. A Program or Master EIR would provide the Legislature with the greatest certainty of what the property would be used for and its estimated value if it is declared surplus. Therefore, it is recommended that the State determine the feasibility of surplusing and selling the Site for a new use once a master plan is approved and a related EIR is certified by the County.

C. SEQUENCE AND TIMING

The following four-step approach allows the State to first understand the costs and benefits of surplusing the property, and then maximize the return to the State if it decides to take such an action.

This schedule assumes that the Department of Corrections considers relocating the prisoners and programs by first exploring alternative locations and beginning the environmental and planning necessary to do so. This work would help immeasurably to determine with more certainty the feasibility of recommending such action. Just as we

believe that the Legislature should have an approved master reuse plan in evaluating the opportunities of surplusings the Site, it also makes sense to initiate the planning and environmental work in developing a new facility in order to weigh more accurately the costs of such a decision. The reuse plan could proceed through the first and second steps prior to the exploratory work for the new facility, which would give the State an idea of what the true opportunities would be before initiating the work needed to relocate the facility.

Therefore, with the support of the Legislature, Administration, and County, the State could conceivably sell the property in 3-5 years based on the following schedule.

1. Year 1: Develop a Preferred Master Plan

Use this report as a starting point to develop a master plan with the County that has as much consensus as possible among the State, County, and other critical stakeholders. This step would entail the State working with the County to develop a community outreach program, much of which would use the structure of the program established for the Plan update. It is recommended that the State proactively develop a master plan that can be presented to the working groups for their consideration as they develop the Vision and Strategy Summaries and draft Plan. This process would provide the working groups with a resource on a significant issue in the Plan update, while giving the State a constructive voice in how the County will treat the acceptable reuse of the Site. By developing a draft master plan early in the update process, the State can help ensure that the working groups' recommendations and the State's plan are as compatible as possible.

2. Year 2: Develop an Administrative Draft EIR (ADEIR) and Process a Draft EIR

Assist the County in preparing an ADEIR for review by the County Administration. The County would then circulate the Draft EIR and conduct the public hearings required under CEQA for the Draft EIR. Since the State's previous step includes a community outreach component in developing the preferred master plan, many of the more contentious issues will hopefully have been resolved, thereby expediting somewhat the formal hearing process under CEQA as it relates to the Site. This step would culminate in a Program or Master EIR that would provide the State with a relatively accurate measure of the potential costs and benefits of surplusings the Site. As stated earlier, this step could be incorporated into the EIR process that the County will be following as part of the Plan update.

3. Year 3: Advertise the Property and Negotiate the Purchase Agreement(s)

The third step would actually begin if and when the State decides to surplus the property based on the approved plan and EIR. At that time, the State would advertise the property, either as a whole or in pieces, select the buyer(s), and negotiate the purchase agreement(s). This step would also include offering the property for sale to public and eligible private entities for specific purposes such as parks, schools, and affordable housing, in accordance with Government Code sections 11011 and 54222 (See Affordable Housing Costs in the Appendix to Reuse Analysis).

4. Years 4-5: Satisfy Conditions of the Purchase Agreement(s)

The purchase agreement(s) may include a number of conditions, including that the County provide project level approvals that can accommodate the buyer's proposal. Since the request for offers would likely require that proposals be consistent with the program EIR that the County certified in the previous step, the recommended approach makes this condition somewhat less significant than is often the case. This step will entail working with the selected buyer(s) and County to develop and process project level approvals that meet the objectives of the County, buyer(s), and State if this is necessary to close escrow.

It is possible that the first two steps could be substantially completed in approximately two years. At that time, the State would possess the necessary information to make a well-informed decision regarding the economic feasibility of selling the existing Site and how the anticipated sale proceeds could be used to finance all or a portion of a replacement prison facility.

Section VII: Relocation of Inmates and Programs

A. CAPITAL OUTLAY COSTS	VII-2
B. OPERATIONAL COSTS.....	VII-3

Relocation of Inmates and Programs

In assessing the potential costs the state would incur in the closure and disposition of CSP-San Quentin, the California Department of Corrections (CDC) provided estimates of both capital outlay costs and operating costs that are preliminary in nature and are intended to provide “order of magnitude” future impacts which may be reasonably comparable with the potential market value revenues.

The CSP-San Quentin employs approximately 1,600 people and houses approximately 5,760 inmates. The CSP-San Quentin serves three distinct functions for the CDC. It is the Bay Area Reception Center, a Level I and Level II general population institution, and it houses the male condemned population. The CSP-San Quentin incarcerates approximately 3,000 reception inmates, 2,200 Level I and Level II inmates, and as of March 30, 2001, 593 condemned inmates. The Level I, Level II, and reception center inmate populations have remained constant throughout the last year, but the condemned population is growing at a rate of 40 per year.

The reception center function is conducted within the main facility at CSP -San Quentin and processes male inmates committed to state prison with new terms and parole violators who are returned to custody. Inmate processing includes diagnostic evaluation and classification followed by transfer to a program institution. Eighteen counties transport newly committed inmates to CSP-San Quentin. See Section VIII for a list of counties. The cost of transporting the inmates to the CSP-San Quentin is borne by these counties.

Level I and Level II inmates are housed in either a dorm or cell setting depending on classification and restriction. Both Level I and Level II inmates are offered a variety of education, work, or training assignments. A listing of educational courses, work assignments, and vocational training is presented in Section VIII.

Condemned inmates are housed in the most secure facilities available. These inmates have no access to vocational training and have limited work or educational opportunities.

The CDC’s multi-year population projections predict an overall increase in inmates over the next five years, even after taking into account the July 1, 2001, implementation of Proposition 36 which will divert certain drug offenders to community treatment rather than State prison. As of May 20, 2001, CDC’s inmate population was 161,180. The CDC’s Spring 2001 population projections show a small decrease in prison population beginning July 2001. After this decrease, the inmate population is expected to increase again reaching 168,000 by 2006. Given these projections and the current level of crowding in existing prisons, CDC will need to build replacement structures if CSP-San Quentin is closed.

The CDC is currently evaluating various changes in the mission of CSP-San Quentin, including:

1. Temporary deactivation of some of the general population housing in the event the projected short-term decline in the inmate population actually occurs.
2. Relocating the condemned population to a modern maximum-security prison and backfilling the condemned housing with lower security inmates. Section 3603 states: “The judgement of death shall be executed within the walls of the California State Prison at San Quentin.” Relocation of condemned will require a change in the law.
3. Relocating the reception center to CSP-Solano in Vacaville and backfilling reception housing with general population inmates.

A complete evaluation of these opinions will require analysis beyond the preliminary findings included in this report. Therefore, it is not yet known whether any of these options will be viable. Relocation of either the condemned inmates or the reception center would require considerable capital outlay expenditures not only for modification to the receiving prisons, but also to replace the critically needed celled housing for inmates that would be displaced by such a relocation. Given the time it would take to implement any plan for the closure of CSP-San Quentin and the fact that the inmate population is projected to continue to increase during the five year planning period, CDC does not believe that the inmate population can be absorbed within existing crowded prisons. Thus, in order to ensure the Legislature is provided the full range of reasonably anticipated costs that may result from a decision to close CSP-San Quentin, the cost for replacing CSP-San Quentin assumes replacing all the current functions.

Capital Outlay Costs

If CSP-San Quentin closes, the most significant cost impact involves the design and construction of replacement facilities. The size and diverse functions of CSP-San Quentin and the fact that it is CDC’s only institution and reception center in the Bay Area makes it difficult to replace.

Operationally, it will be important for CDC to retain the reception center function as close as possible to the Bay Area. However, the remaining functions can be located elsewhere. Because of the difficulty of siting and the high cost of constructing an entire replacement facility in the Bay Area, CDC has estimated the cost of two facilities; a Bay Area Reception Center and a combination general/condemned population institution in a rural setting.

A new reception center would require about 40 acres with a two, 6-story tower configuration. It would provide housing for 3,300 inmates; 2,800-reception center, 200 Level I’s, and 300 Administrative Segregation. This facility would cost approximately \$393,500,000 if built and occupied by July 1, 2006, and approximately \$452,000,000 if built and occupied by July 1, 2011.

The new general population/condemned facility would require about 320 acres and would be constructed using CDC's standard design buildings. This facility would house 2,516 inmates: 1,056 condemned, 1,310 Level I/II, and 150 Administrative Segregation. This facility would cost approximately \$301,500,000 if built and occupied by July 1, 2006 and approximately \$346,500,000 if built and occupied by July 1, 2011.

Operational Costs

In addition to the capital outlay needs, CDC has also estimated a number of one-time support budget costs that would be incurred in the process of closing CSP-San Quentin and opening new replacement facilities. Although CDC has opened many new facilities, it has not had any recent experience in facility closures that would provide a basis for these estimates. In addition, the costs for moving from CSP-San Quentin to the replacement facilities will depend upon personnel and replacement facility location factors that are not known at this time. Therefore, CDC has had to make several assumptions in preparing this estimate. These operating cost impacts, which will have to be updated in the affected budget year, include:

Start up costs:

The cost to start-up a new facility is based upon the costs incurred to open Salinas Valley State Prison. This cost is for the initial supply of clothing, food, office and program materials and is estimated at \$20 million for both institutions.

Staff relocation costs:

If CSP-San Quentin closes, CDC will have to transfer staff. Staff relocation benefits are governed by labor agreements, civil service rules, and regulations and vary depending on the circumstances of the staff relocation. No staff surveys have been done at this juncture. The CDC's estimate is based upon generalized assumptions. A principle assumption was that only half of the employees would be required to relocate and be eligible for relocation benefits. Also, it was assumed that between 25 percent to 50 percent of the staff own homes and that many of the staff live in the Bay Area. The cost to relocate staff is estimated to range between \$17,300,000 to \$23,000,000. The two most important factors in determining these costs will be where the employee will move and home ownership.

Inmate transportation costs:

The CSP-San Quentin inmates would have to be transported to the new institutions. The CDC's current cost for transferring an inmate is approximately \$86.00 per inmate trip. Thus, transportation of the inmates from CSP-San Quentin to the new facilities at today's cost would be approximately \$495,000.

Phased deactivation/activation costs:

Given current inmate population projections and the existing level of overcrowding, the new institutions may have to be ready to accept inmates before CSP-San Quentin can begin deactivation. The transfer process may take from three-to-six months to complete. Thus, for a three-to-six month period, CDC could be operating three institutions (CSP-San Quentin and the two new facilities) and temporarily incurring parallel base operating expenses. The monthly cost to operate all three institutions while activation and deactivation is occurring is approximately \$22 million. However, by deducting CSP-San Quentin's \$12 million a month operating costs, the new net costs to the Department will be approximately \$10 million a month.

Equipment movement costs:

The cost to move existing furniture, movable equipment, supplies, and records is estimated to be \$3.2 million. This estimate is based on packing and moving existing records, equipment, and furniture to another location. The estimate does not include the movement of specialized manufacturing equipment or machinery, vehicles, or unique equipment such as forklifts or cranes.

CSP-San Quentin provides the CDC with critical bed capacity and vital program functions. CDC's projections indicate that these needs will continue in the foreseeable future. If CSP-San Quentin is closed, the capacity and program functions will eventually have to be replaced. While the many factors that may affect the specific costs may change over time, CDC estimates that the construction of replacement facilities and relocation of current functions will require a capital outlay cost of approximately \$695 million (if projects are authorized in Fiscal Year 2002/03) and a one-time support budget cost ranging from \$61.3 to \$107 million.

Section VIII: Appendix to Relocation Analysis

A. RECEPTION CENTER – COUNTIES OF INTAKE.....	VIII-1
B. PROGRAMS AT SAN QUENTIN	VIII-2

CSP - San Quentin
Reception Center
Counties of Intake

Alameda
Colusa
Contra Costa
Del Norte
Humboldt
Lake
Marin
Mendocino
Monterey
Napa
San Benito
San Francisco
San Mateo
Santa Clara
Santa Cruz
Solano
Sonoma
Sutter

PROGRAMS AT CSP - SAN QUENTIN

Academic Education:

- English as a second language
- Adult Basic Education I, II, and III
- General Education Diploma preparation
- High School
- Various correspondence courses

Others:

- Religious
- Library
- Recreation
- Handicraft
- Self-help groups

Vocational Education:

- Graphic Arts
- Dry Cleaning
- Electrical Maintenance & Construction
- Landscape Gardening
- Machine Shop
- Plumbing
- Sheet Metal
- Welding

Prison Industries:

- Furniture factory
- Mattress factory

Work Assignments:

- Clerical
- Maintenance
- Plumbing
- Painting
- Carpentry
- Boiler room
- Electrical
- Warehouse
- Janitorial
- Barbers
- Laundry
- Dental/Medical aides
- Culinary